

A Battered Major Admits Bad Result And Calls for Unity

Compiled by Our Staff From Dispatches

CAMBRIDGE, England — Prime Minister John Major, whose ruling Conservative Party has again been humiliated in a parliamentary election, conceded on Friday it was a poor result and urged his bickering party to reunite.

In the biggest swing from the Conservatives to the Labor Party since 1955, Graham Postle on Thursday won less than a fifth of the votes in the central England seat of Dudley West, which had been held by Mr. Major's party for 15 years.

Voters swept Labor candidate Ian Pearson to victory, indicating they were disillusioned by Conservative splits over Europe, tax rises and allegations of sleaze in the Major government.

Only 7,706 people voted for the ruling party compared with 34,729 at the April 1992 general election. Labor's vote held steady at 28,400.

Mr. Major, visiting a factory here, said: "It was a very poor result, but I think some good will come out of it."

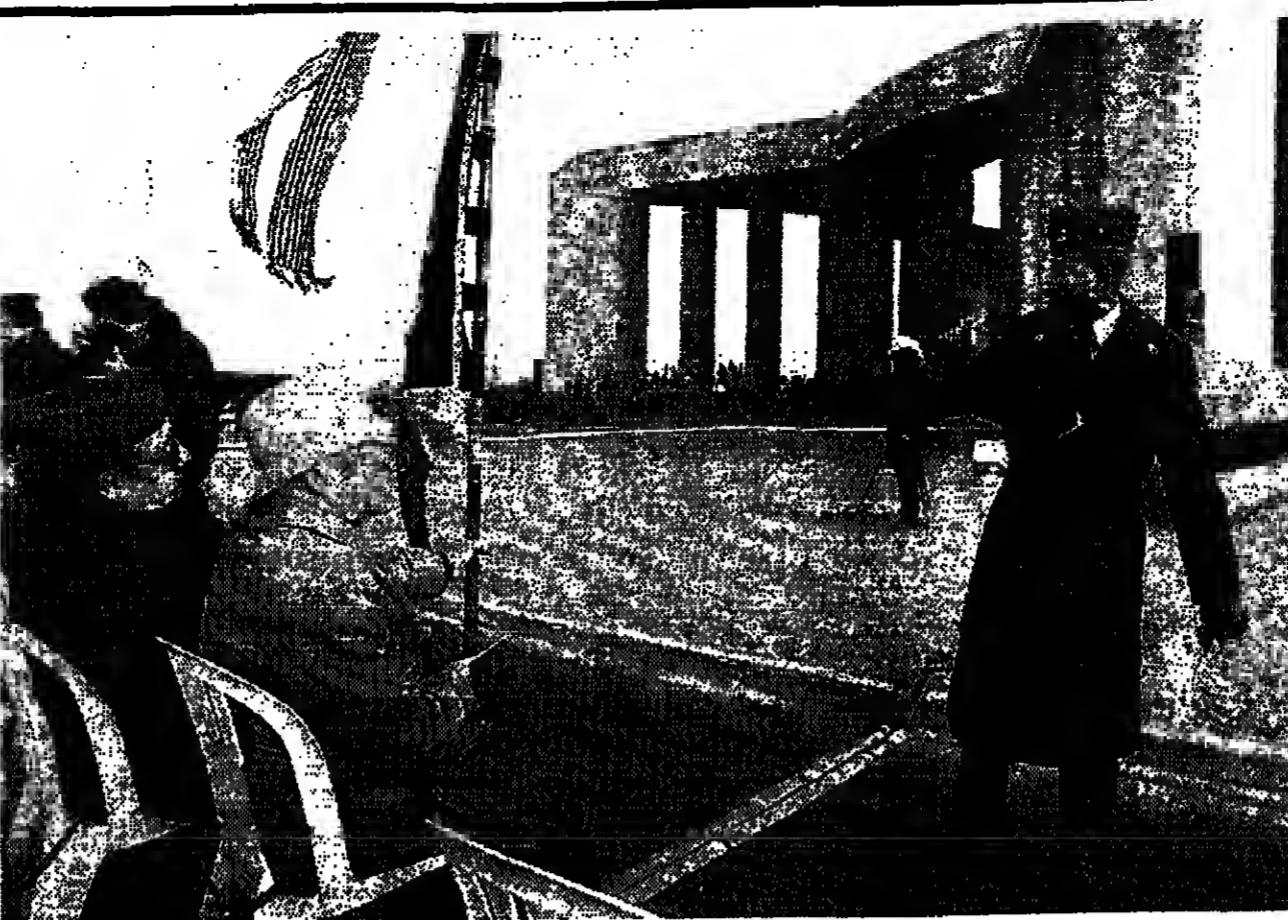
"People within the party must now realize they must pull together towards the same end for the good of the country."

The Conservatives hope economic recovery will bring voters around by the time the next general election is called, some time before mid-1997.

The Conservatives' loss of the Dudley seat follows the election of eight Conservative legislators from the parliamentary party two weeks ago for refusing to back Mr. Major in a vote over increasing Britain's payments to the European Union, which he had declared a matter of confidence. A ninth resigned.

Defeat in Dudley reduced the overall majority of elected Conservatives, including the rebels, to 13. In practice, Mr. Major has to hope for support from the rebels or rely on nine lawmakers from a Northern Ireland regional party.

Dudley was the first parliamentary by-election since Tony Blair took over as Labor leader in July.



THIS WAY, GENTLEMEN — A U.S. soldier explaining to World War II veterans on Friday the procedure for the 50th anniversary commemoration of the Battle of the Bulge at the memorial to Allied forces in Bastogne, Belgium.

(Reuters, AP)

Scrap the Stasi Files? The Man in Charge Says No

By Stephen Kinzer
New York Times Service

FRANKFURT AN DER ODER, Germany — The man in charge of all the files left by the East German secret police has strongly rejected suggestions that they be destroyed or sealed.

"We are hearing appeals for an approach to the past which reminds us of West Germany in the 1950s," the official, Joachim Gauck, said here. "The total silence about Nazi crimes in those years created one generation that refused to face the truth and another that struck out with excessive violence against the rule of law. We don't want this to happen again."

"Instead of taking the easy path of nostalgia, we must confront difficult truths," Mr. Gauck said. "There can be no peace without honestly and maturely confronting the past."

Mr. Gauck, a Protestant clergyman from the eastern part of the country, spoke after a public opinion survey said 57 percent of the people in the former East Germany favor closing the secret police files.

As Communist rule was collapsing in 1989 and 1990, protesters occupied regional and national headquarters of the secret police, known as the Stasi. Some files were destroyed, but an enormous archive was left

behind on the surveillance system that Stasi ran on its citizens using 91,000 agents and 173,000 part-time informers.

At first there was great enthusiasm for probing the means of Stasi repression and condemning the perpetrators. But with many eastern Germans having lost jobs after their Stasi backgrounds emerged, some now complain that Stasi files are being used to persecute them.

"We have to put an end to this discrimination against eastern Germans," said Manfred Stolpe, governor of the eastern state of Brandenburg and a former Stasi collaborator. "In individual cases, people should have access to witnesses and documents. Beyond that, the relevance of all of it is questionable."

Mr. Stolpe's political success makes him a striking example of how a former collaborator can overcome his past. Stasi files show that when Mr. Stolpe was a senior official of East Germany's Lutheran church, he worked with the secret police, informing on private conversations and even secretly receiving a medal for distinguished service.

But other politicians disagree with Mr. Stolpe and think the files must be kept open.

"I can understand the psychological motivation

behind wanting it to end," Rita Süssmuth, president of the German Parliament, said in Berlin this week. "But we also know that the past cannot be pushed aside. What we repress and lie about always returns to us."

An exhibition showing how the Stasi operated in one part of East Germany opened last week in Frankfurt an der Oder, which lies across the Oder River from Poland.

Among the items on display here are espionage tools like bags, purses and jackets equipped with hidden cameras or microphones. There is also a large watering can with a camera set into its base. It was used by agents posing as cemetery workers so they could record who came to visit the graves of people considered enemies of the state.

Stasi agents in Frankfurt an der Oder, who were responsible for monitoring about 700,000 people, left behind files that fill more than 8 kilometers (5 miles) of shelves. One of their targets, Peter Rompf, who ran a private salon at which a group of friends met to discuss political and cultural issues, said his Stasi file, which he has been given, weighs 27 kilograms (about 60 pounds).

"I know they were watching me," he said, "but I had no idea they went into this amount of detail."

FBI Investigates Sabotage of 747s at JFK

Compiled by Our Staff From Dispatches

BRUSSELS — Emma Bonino, an Italian nominee to the new European Commission that takes office in January, will be in charge of European Union fisheries policy, a commission spokesman said on Friday.

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Herald INTERNATIONAL TRIBUNE

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The sabotage in early November at New York City's John F. Kennedy International Airport involved cutting wires inside the cockpit panels of five Boeing 747s and was done by someone knowledgeable about the craft, the airline said.

A sixth incident, in late October, also appears suspicious in retrospect, said Morris Nachomi, Tower's chairman and chief executive.

The New York-based airline, which has scheduled flights to Israel, Europe, South America and India, in addition to domestic service, said that it had tightened security and that there had been no new incidents in five weeks.

Twenty passengers who canceled flights Friday cited safety concerns stemming from the wire-cutting incidents, said Tim Metz, an airline spokesman. An average of 2,500 people fly Tower each day.

Mr. Nachomi and federal officials said they had not pinpointed a suspect. But Mr. Nachomi said it might have been an employee who has since lost his job in a round of seasonal layoffs.

The sabotage was discovered after Tower crews received false readings from cockpit instruments during preflight checks and had mechanics examine the craft.

"In each suspicious instance, the cuts were detected during Tower's routine preflight checks, and the safety of Tower's passengers was not compromised in any way," Mr. Nachomi said.

Mr. Metz noted that there were backup systems to make up for damaged controls.

(Reuters, AP)

Safety Issues Halt Dozens of Flights, Causing Holiday Travel 'Mess' in U.S.

Reuters

CHICAGO — Safety worries grounded dozens of commercial airline flights across the United States on Friday, disrupting Christmas travel for an uneasy crash-conscious public.

"It's a mess," said a man at O'Hare International Airport, where American Eagle suspended all commuter operations to Midwest cities for the second time in less than a week.

With a number of crashes giving the industry its worst safety record in six years, and planes already booked solid by a combination of cheap fares and holiday trip-taking, travelers also had to contend with the suspension of all American Eagle operations at O'Hare and some at John F. Kennedy International Airport in New York.

Some pilots had been deployed to those cities from warmer areas to fly Swedish-built Saab 340 aircraft. The Saabs were brought in to replace French-Italian ATR-42 and ATR-72 aircraft that the Federal Aviation Administration has ordered grounded during icing conditions.

Ianchi, Chicago, Newark, New Jersey, San Juan, Puerto Rico, and Orlando, Tampa and West Palm Beach in Florida were sent scrambling to other carriers.

After two American Eagle crashes within five weeks killed a total of 83 people, some travelers have chosen to rent small planes rather than take short-hop flights in small planes.

At O'Hare, American Eagle passengers arriving at the world's busiest airport were being sent to other carriers.

The company said it had stopped all flights from O'Hare until Jan. 4 because representatives of the Allied Pilots Association had questioned the level of cold-weather training for pilots recently assigned to operate out of Chicago and New York.

Some pilots had been deployed to those cities from warmer areas to fly Swedish-built Saab 340 aircraft. The Saabs were brought in to replace French-Italian ATR-42 and ATR-72 aircraft that the Federal Aviation Administration has ordered grounded during icing conditions.

Small airliners cannot be brought under safety rules that cover larger craft until at least next fall, The Associated Press reported from Washington.

The U.S. secretary of transportation, Federico F. Pena, called Wednesday for the rules on large planes to be extended to smaller commuter carriers within 100 days.

The new rules will be published in the Federal Register in March and should be in effect within six months after that, said the head of the Federal Aviation Administration, David R. Hinson.

The step will extend the current large-plane rules to all scheduled carriers with 10 or more seats. Currently planes with 31 or more seats fly under stricter rules than the smaller commuter carriers.

Under the stricter rules, flight crews of smaller planes will work fewer hours and get more help from dispatchers. There also will be changes in equipment and inspections for some aircraft.

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Red Tape to Fly Through

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THE AMERICAS /

Clinton Swings to the Middle Tax-Reduction Game Gains Another Runner

By Ann Devroy

New York Times Service

WASHINGTON — President Bill Clinton has proposed what he calls a "middle-class bill of rights" in an address in which he pleaded for a greater sense of national community and a gentler national politics in addressing the country's problems.

Mr. Clinton, seeking to re-deem his presidency with middle-class voters, outlined a tax-cutting, government-trimming agenda in a 10-minute Oval Office address Thursday night that had snippets of virtually every one of his 1992 populist campaign themes, dabs of history and denials of any political motivation on his part.

In announcing his proposal, Mr. Clinton became the latest leader to join in what has become a tax-cut competition among Democrats and the Republicans who take control of Congress next month and who ran on a tax-cutting agenda.

The Clinton proposal was a mix of \$60 billion worth of credits and deductions, mainly for families with young children or children in college. It would be paid for by deep cuts in five federal departments and agencies, and by extending for two years, until 2000, a freeze on discretionary domestic spending.

Although Mr. Clinton did not detail the plan in his address, senior officials said three separate tax reductions proposed include a \$500-per-child tax credit for families with children under age 13 whose adjusted income was under \$60,000.

The credit would phase out at incomes of \$120,000 per year and would be eliminated at incomes of \$100,000 a year.

The third element in the tax cut would be an expansion of individual retirement accounts (IRAs), the tax-deferred accounts now available to middle- and lower-income Americans for retirement savings. Under the plan, individuals earning up to \$100,000 could defer taxes on up to \$2,000, which could be withdrawn for a broader range of uses, including buying a home, catastrophic illnesses and caring for a parent.

Officials said Mr. Clinton had signed off on \$76 billion in savings over five years to pay for the tax cuts, with major program consolidations, eliminations and cutbacks in five departments and agencies:

Supreme Court Christmas Party Withstands Challenges

By Joan Biskupic

Washington Post Service

WASHINGTON — Nearly every year, the Supreme Court hears challenges to local government practices that may endorse religion, from school prayer to whether cities can erect Nativity scenes.

And every year the court puts up its own 25-foot Christmas tree, plays carols for visitors and holds a Christmas party.

Complaints come annually, too — from law clerks, a few visitors and, in the past, individual justices. But Chief Justice William H. Rehnquist has stood firm, resisting pleas to rename the party a nonsectarian "holiday" affair, to drop the carols or to move the big tree to a less prominent position.

"So any kid touring Washington cannot see

the courtroom without having to negotiate his way around the tree and without hearing Christian music," a former law clerk said. "It is inconsistent with the impartiality that the court needs to show."

The floor-to-ceiling fir stands in the Great Hall leading to the courtroom. Decorated with colored lights, dozens of ball ornaments and tinsel, it is a spectacular sight, especially when approached from the marble front steps that visitors use.

At the staff party, Justice Rehnquist leads a group in songs such as "The First Noel" and "Silent Night," as well as old favorites, such as "Ain't She Sweet" and "I'm Forever Blowing Bubbles."

Few of the party's critics contend that the tree or such festivities violate the First

said he wrote about the issue because he thought it was important to discuss it openly.

Short Takes

Two men have pleaded guilty in San Jose, California, to poaching butterflies. This is the first such federal case on record. The defendants face up to five years in prison and \$250,000 in fines for conspiring to violate U.S. wildlife laws by netting 2,200 rare butterflies on federal land in 10 states, a U.S. attorney said. "We're not talking about kids with their butterfly nets," he said. "They were selling and trading these species, many of which are on the verge of extinction." Collectors pay hundreds of dollars for rare butterflies, some protected by the Endangered Species Act and others by international convention.

Celebrity exercise video tapes are a growth industry. Jane Fonda produced one of the first; she has been followed by such others as Zsa Zsa Gabor, Mary Tyler Moore, Angela Lansbury and even an animated Barbie Doll. Jamie Scott of The New York Times, "pushing 40 and in passable condition" sampled about 20 celebrity fitness tapes and "came to the conclusion they are more about entertainment than exercise. My sampling suggests that the exerciser is more likely than not to get a pretty ordinary workout lasting about an hour, a pep talk and a few phony confidences from a famous person pretending to look him or her in the eye."

International Herald Tribune

Away From Politics

An accord to protect the water and wildlife of San Francisco Bay and its vast inland delta has been signed by California and the U.S. government, resolving conflicts that for years had divided the region's farmers, city dwellers, and conservationists. It establishes limits on how much fresh water can be diverted from the estuary. The aim is to protect endangered species of fish.

Critical arguments over who was beating whom in the stormy marriage of O.J. and Nicole Brown Simpson, and whether the jury should bear anything on the subject, have

been postponed after lawyers for Mr. Simpson asserted that prosecutors had "dumped" on them an 85-page motion on the issue and 1,044 pages of related material, denying them adequate time to prepare. Mr. Simpson is accused of murdering his wife and a friend of hers.

Ordinances that restrict the movement of homeless people and reduce services to help them have been approved by a growing number of cities in the last year, according to the National Law Center on Homeless and Poverty.

(NYT)

This prestigious conference will assess the new developments in France following the Presidential elections and will feature key members of the new government in addition to major industrialists and finance and government leaders from around the world.



President Clinton reflecting after his Oval Office speech.

Mr. Clinton insisted that his proposals had nothing to do with politics or his own future, and that his agenda had nothing to do with his re-election. His proposals, he said, are "not about the election" and are not "politics as usual."

And in a closing that mimicked the salutes to American character that used to be a staple of Ronald Reagan's speeches, Mr. Clinton spoke of himself as a product of the American Dream his presidency seeks for other Americans.

Amendment's required separation of church and state.

Over the years the court has narrowly voted to allow secular Christmas symbols in public buildings. In 1984, the justices allowed a Nativity scene in a city-owned park in Pawtucket, Rhode Island because it was part of a larger display that included Santa Claus, reindeer and snowmen.

In 1989 they ruled against a Nativity scene in a courthouse in Allegheny County, Pennsylvania, that was unadorned by secular symbols. At the same time, however, they allowed a Hanukkah menorah paired with a Christmas tree at a government building a block away from the Nativity scene.

Yet a small group of justices' law clerks say that while the court's own practice may be

constitutional, it is not right. "Even if the court has the legitimate authority to do it," a clerk said, "the unselected members of the institution have no right promoting their religious views in a public way."

A Supreme Court public information officer, speaking for Justice Rehnquist, said the tree and festivities were part of a celebration going back decades for the benefit of court workers. "This is the one time each year that the entire court staff has a chance to get together and socialize," the spokeswoman said.

For the first time in its history, the court has two Jewish justices, Ruth Bader Ginsburg and Stephen G. Breyer. Justice Ginsburg was out of the country this week. Justice Breyer, who as the junior justice is the official host of the party, declined to comment.

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POLITICAL NOTES

Clinton's Spokeswoman Quits

WASHINGTON — Dee Dee Myers, the first woman to serve as White House press secretary, said Friday that she was resigning her post at the end of the year.

"It is time for me to move on," Ms. Myers told reporters who had gathered in her office. She said that she had received several job offers but had not decided which one she would accept.

Asked about reports that she had been pressured to leave amid complaints that President Bill Clinton had been unable to communicate his message effectively, Ms. Myers said: "I'm neither jumping nor being pushed."

Mr. Clinton's chief of staff, Leon E. Panetta, tried earlier this year to replace Ms. Myers as part of a staff overhaul.

Details of the incident surfaced this week after commission auditors challenged the payment, which was identified in campaign records only as a confidential "settlement" for unspecified consulting work.

As a result of the commission's ruling, the campaign committee will have to repay about \$9,675 in federal matching funds that were applied to the payment.

When first confronted with the allegation, Mr. Watkins denied any wrongdoing. The nature of the alleged harassment could not be determined. Mr. Watkins ran the administration's side of the campaign.

(NYT)

The Sleigh Stops on Capitol Hill

WASHINGTON — Playing Santa Claus to Congress, two package delivery workers cruised the corridors of the House office building this week, pushing oversized carts piled high with presents from lobbyists.

In the Senate office building next door, another messenger loaded with gourmet fruit baskets was hopping from office to office to drop them off.

So what is the thoughtful lobbyist giving to members of Congress this holiday season?

From Ralph Vinovich of the Tobacco Institute, it's a hefty box of gourmet oranges and grapefruits for the Senate. Republican cloakroom, R.J. Nabisco has shipped in hundreds of wooden caskets laden with cookies, crackers and other munchies made by the company. The United Transportation Union is distributing pewter serving plates. And the Recording Industry of America has sent double-compact disc sets of Barbra Streisand's concert at Madison Square Garden.

Members of Congress and aides are allowed to accept gifts valued at up to \$250. For anything more than that, a waiver must be obtained from the ethics committee.

Quote/Unquote

Haley Barbour, the national chairman of the Republican Party, on Clinton plans for a middle-class tax cut: "When you look at what President Clinton has done in the last two years, this is a 180-degree turn." (Reuters)

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Serb Plays His Best Card: Chaos

By Inviting Carter, Karadzic Confounds Foes

By John Pomfret
Washington Post Service

ZAGREB, Croatia — Radovan Karadzic, the leader of the Bosnian Serbs, is trying to draw former President Jimmy Carter toward Bosnia in the diplomatic equivalent of a Serbian military strategy that has proved successful throughout the 32-month Bosnian war.

Mr. Karadzic, a psychiatrist turned nationalist strongman, has long sought through force

among NATO members themselves, between the United States and Russia.

The introduction of a new proposal, coupled with the entry into the arena of such a prominent American, is bound to create opportunities for the Serbs to strengthen their hold on their already substantial territorial gains in Bosnia.

Finally, in inviting Mr. Carter to Pale, headquarters of the Bosnian Serbs, Mr. Karadzic is seeking to boost his position among his allies in Serbia proper, especially vis-à-vis President Slobodan Milosevic, the mastermind of Yugoslavia's wars of secession and his rival to lead the Serbs.

The Serbian leader made his offer to Mr. Carter in classic style — in an interview with CNN late Thursday. There he listed six promises, including open roads for aid and the protection of human rights, that he said he would keep within 24 hours to set the stage for the American's entry into the Bosnian diplomatic arena.

But Mr. Karadzic's vice president, Nikola Kolic, told UN officials Friday night that the Serbs wanted four concessions in exchange for keeping the promises to Mr. Carter, UN sources said. They said these included regular flights from Sarajevo to Belgrade, more food aid, buses from Serbian territory to the airport and the expulsion of the Bosnian Army from a demilitarized zone on Mount Igman above Sarajevo.

The willingness of any of the world's powers to even consider Mr. Karadzic's proposal highlights the grim impasse into which international peace efforts have fallen. While initially cool to the idea, the Clinton administration agreed to provide Mr. Carter transportation.

That the Clinton administration did not consult with the Bosnian Muslims over the prospect of such a move is an indication of the alliance.

GERMANS: Bonn Edges Toward a Role in Bosnia

Continued from Page 1
told Parliament Thursday. "When it is a question of providing protection for Frenchmen, Britons and Americans who have done so much for our freedom, without whom we would never have achieved German unity in freedom, anyone who refuses this is taking an ax to the alliance."

A consensus appeared to be emerging in Bonn on providing air cover for UN troops or relief flights into Bosnia, and logistical support, to show the allies the solidarity they expected.

Germany's highest court ruled last July that the constitution did not forbid German contributions to NATO extra-territorial combat missions at the request of the UN, provided Parliament approved.

Mr. Kohl's coalition was reduced to a 10-seat majority in the Oct. 16 elections, and Mr. Kinkel's party, the Free Democrats, came close to forcing him to resign as their leader at a convention in Gera early this week. The opposition Greens party is against any kind of combat role for the German armed forces, which at 370,000 are the largest in Europe.

But influential members of the larger opposition Social Democratic Party, which has had a strong pacifist wing since the mid-1980s, have indicated that they would back the government if it answered a UN call for help.

Karsten Voigt, the party's defense spokesman, said that he had opposed a NATO request late last month for German Tornado fighter-bombers to

help NATO counter the threat from Serbian surface-to-air missiles around the besieged Muslim enclave of Bihać.

The German Tornados are equipped with special electronics to locate and jam the missiles' radar guidance system.

NATO later withdrew that request, but asked Bonn again early this month what it would be willing to provide if the UN asked the alliance to help the UN Protection Force withdraw from Bosnia. The government said it would send a formal response to NATO on Wednesday.

"We realize the Germans are in a sensitive political situation," one NATO official in Brussels said. "The offer will probably be accepted with appreciation."

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Gore Discounts Talk Of a 'Cold Peace'

U.S.-Russian Ties 'on Track,' He Says After Meeting Yeltsin

By Margaret Shapiro

Washington Post Service

MOSCOW — Vice President Al Gore, ending two days of meetings here, said Friday that the U.S.-Russian relationship remained on track despite recent tensions over the expansion of NATO and over policy toward the former Yugoslavia.

"My impression is there is no cold peace but instead a warm relationship that is very much on track," Mr. Gore said after meeting with President Boris N. Yeltsin of Russia, who is in a Moscow hospital recovering from minor nose surgery.

Mr. Yeltsin shocked the United States and the West earlier this month when he denounced plans by the North Atlantic Treaty Organization to expand into Eastern Europe and said that such moves would isolate Russia and create a "cold peace" after four decades of Cold War.

Several days before that, Foreign Minister Andrei V. Kozyrev, angry at NATO's efforts to lay the groundwork for its expansion, balked at the last minute at signing the Partnership for Peace, a U.S.-inspired program to establish military ties short of NATO membership. Most of the East European countries and former Soviet republics have already signed onto the program.

Mr. Gore said that the two countries would continue bilateral discussions about NATO "to put all of these questions in proper perspective, which is that of a strong and healthy partnership between the United States and Russia."

Mr. Kozyrev and Secretary of State Warren M. Christopher will meet in January to discuss NATO and Mr. Gore and the Russian prime minister, Viktor S. Chernomyrdin, will continue consultations on the issue.

A senior U.S. official in Moscow said that Mr. Gore, during his hospital meeting with Mr. Yeltsin, had told the Russian leader that inaccurate information from "some of the Europeans" had been given out about how quickly NATO was intending to expand. The United States has not changed its commitment to a very gradual ex-

pansion and only in full consultation with the Russians, Mr. Gore told Mr. Yeltsin, according to the official.

Mr. Gore, the official said, seemed to have reassured the Russian leadership that "we are dealing with them straight" on NATO, but that there were no promises made by the Russians to move forward with participation in the Partnership for Peace.

The vice president said that he and Mr. Yeltsin had briefly discussed the crisis in Chechnya, where Russian troops are trying to bring the breakaway region back under Moscow's control. Fighting broke out several days ago with mounting casualties among Chechen independence fighters, civilians and soldiers. Russia has threatened to storm the Chechen capital, Grozny, if the Chechens did not agree to lay down their arms by Saturday.

"I got the clear impression that they very much prefer a negotiated outcome there, if possible," Mr. Gore said.

Mr. Yeltsin, who went into the hospital last weekend to correct a deviated septum in his nose, seemed "very healthy," Mr. Gore said.

The Russian leader has been criticized for undergoing elective surgery on the eve of ordering thousands of troops to Chechnya. Newspapers have attacked him for failing to explain what the military hopes to accomplish and why it is necessary to risk the lives of so many to rein in Chechnya now.

Before leaving Moscow on Friday, Mr. Gore and Mr. Chernomyrdin signed 15 agreements for further cooperation in space, energy, health and defense conversion. They also signed an agreement to cooperate on preventing pollution in the Arctic, a topic of wide concern since the revelations this fall that a major oil leakage in Russia's far north had polluted huge swaths of tundra.

The only event to mar Mr. Gore's trip was a bomb threat at a school that Mr. Gore's wife, Tipper, was scheduled to visit. Her visit was canceled. The Itar-Tass press agency suggested that the bomb threat had been a hoax.

Vice President Al Gore, left, and Prime Minister Viktor Chernomyrdin exchanging documents in Moscow on Friday.

A Viral Clue to a Common AIDS-Related Cancer

By Lawrence K. Altman

New York Times Service

NEW YORK — Breaking a long spell of grim news on the AIDS front, a team of New York scientists has announced a preliminary finding that, if confirmed, could have a significant effect on the course of the disease in gay men.

Scientists at Columbia University said they had found strong evidence of an apparently newly detected virus that might cause Kaposi's sarcoma in people with AIDS. Kaposi's sarcoma is the most common cancer affecting gay men with AIDS and one of the principal causes of death in that group.

Experts said the findings, reported in *Science* magazine Friday, were a highly promising advance that, if confirmed, could rank as one of the most important developments in AIDS research in recent years.

The team, led by Dr. Yuan Chang and her husband, Dr. Patrick S. Moore, used a new technique, reported only last year, to help identify molecular

fragments from at least three genes of the probable new virus.

The fragments, known as sequences of DNA, are unique and seem to place the agent in the herpes virus family, the scientists said. The sequences closely resemble those of the Epstein-Barr virus, which causes infectious mononucleosis and has been linked to two cancers in humans. The agent also resembles the simian virus, a member of the herpes family that causes lymphoma in New World monkeys.

The scientists, emphasizing that their findings are preliminary, said at a news conference that they had not isolated and determined the complete structure of the virus. Even if the virus turns out to be a previously unknown one, they said, more research would be needed to prove that it was the cause of Kaposi's sarcoma. It is possible that the virus is present in Kaposi's sarcoma only after the cancer develops.

Despite these reservations, Dr. Moore said, "we

think it is important because it is the very first clear evidence that strongly implicates a specific type of virus" in the development of Kaposi's sarcoma.

The findings hold promise for developing a test for the disease and could lead to effective therapies for it, since some drugs are known to work against herpes viruses. Although some patients with Kaposi's sarcoma have been treated with anti-microbial drugs, there have been no systematic studies of such therapy for Kaposi's sarcoma and herpes viruses, AIDS experts said.

The Columbia researchers said they began hunting for a Kaposi's sarcoma virus about 18 months ago. At first, they tested samples from patients with conditions that were known to the researchers. They then confirmed their findings on samples sent by researchers at other institutions.

"We would like to think it has been confirmed," he said, but added that the work needed to be confirmed further and the findings repeated on hundreds more patients.

'Inside Job' Feared In \$3 Million Theft Of Gems in Antwerp

By Tom Buerkle

International Herald Tribune

BRUSSELS — Security concerns gripped Antwerp's diamond district on Friday as the size of the city's worst-ever heist mounted to more than \$3 million.

The police and dealers offered few explanations of how thieves had managed to enter the Diamantkring, or Diamond Circle, the largest of Antwerp's four diamond exchanges, and empty at least eight safe-deposit boxes sometime late Wednesday or early Thursday.

But given the extraordinary security at the exchange, speculation was that the theft was an

inside job, perhaps involving dealers seeking to defraud insurers.

"For the time being, it's a mystery," said a longtime dealer, who spoke on condition of anonymity. The 12-story exchange building is so well-guarded that anybody who's not a member cannot even get into this place," the dealer said.

The most recent discovery was on Friday, when the police found two safe-deposit boxes that had been entered in addition to six uncovered on Thursday. The police were hindered in their checks at the exchange, which houses about 1,500 safe-deposit boxes, because many members were traveling or are based abroad.

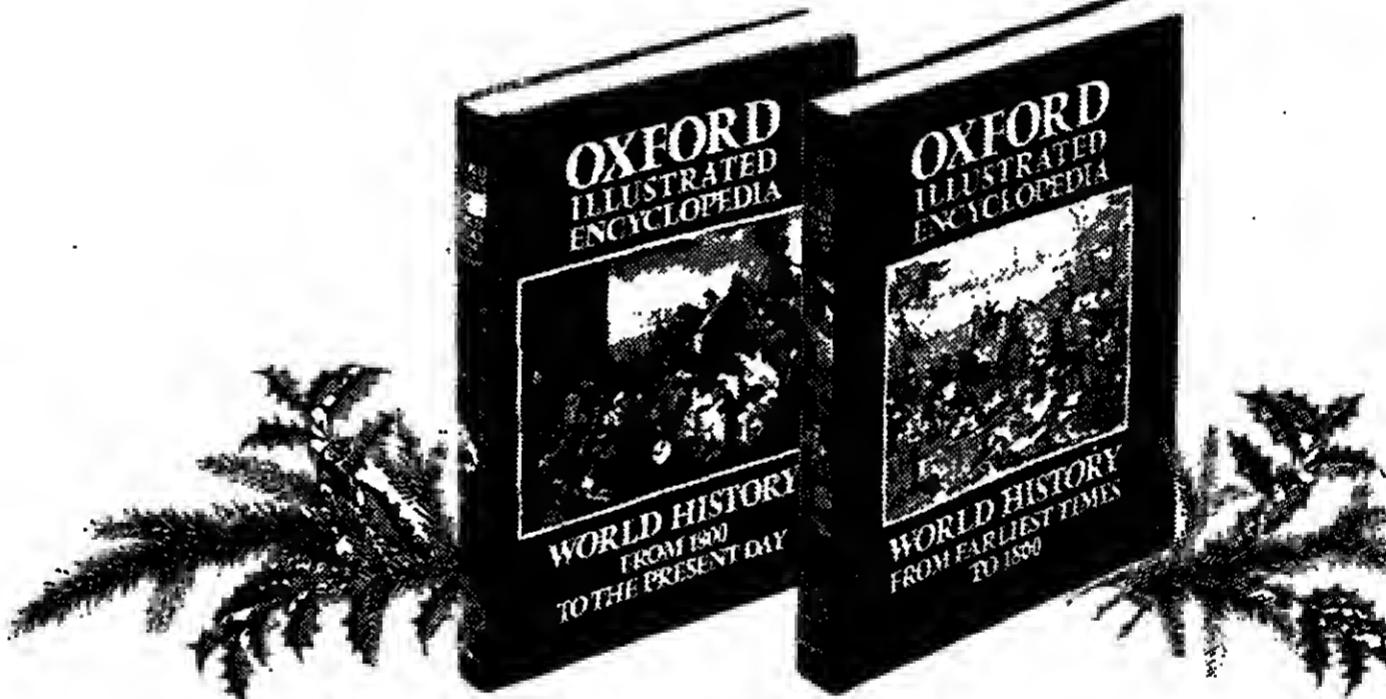
So far, losses are estimated at roughly 100 million Belgian francs' worth of diamonds and foreign currency, or about \$3 million, said Luc Lamine, an Antwerp police spokesman.

Whatever the final loss, it was the worst to hit Europe's premier diamond-dealing center. Antwerp dealers effectively set the global price for investment-grade gems and registered sales of about \$17 billion in 1993.

What particularly worried dealers was the fact that the city's three other exchanges employ essentially the same security techniques as the Diamantkring, dealers said.

The entrance is manned by security guards and monitored by cameras round the clock, and the compact diamond district, which hugs the city's main train station, is patrolled regularly by the police.

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Sale of a Manor's 'Treasures' Reflects a New Age of Hype

International Herald Tribune

LONDON — We have entered the age of myths and slogans. The novelty is that their impact is now hitting the art scene. Get the media to talk about "art treasures" and "time capsules," throw in the name of a famous English country house, outlining its history and dwelling on its eccentric characters, and you are close to having another "sale of the century."

Christie's, whose marketing skills are beginning to make those of Sotheby's look conservative, has demonstrated that it takes a homeopathic dose of good objects to pull off a £21.2 million (\$30 million) sale.

It happened on Thursday of last week in just four hours. The subject was Houghton in Norfolk, built by Robert Walpole. The hard-back catalogue mused about the fate of his descendants, the Marquesses of Cholmondeley, their marriage to this century into an Arab Jewish family from Baghdad, the Sassoons, one of whom married a Rothschild heiress.

By the time the reader was through with the three introductions to the catalogue, particularly the hirule of "Sir Philip Sasso, BT" by James Knox, he felt part of the family. All there remained for him to get in was to acquire a few hautes. And history has no price.

Starry-eyed buying was in evidence right from the beginning. Gilded bronzes (ormolu) in 18th-century English and porcelain from China with gilded bronze mounts in the Louis XV taste were obviously favorites with Philip Sasso and were chiefly responsible for giving a French feel to the Rothschild style to much of the Houghton decor.

It may have prompted what must

have been a royal gift to the family: Lot 10, described as a Regence gilt-bronze and Chinese aubergine-glazed potpourri and cover. The Kangxi porcelain now shows an old repair, and two broken legs in the ormolu mount seem to have been entrusted to the

SOUREN MELIKIAN

loving care of a local plumber — lead solder is smeared on either side of the break.

But this damage was dwarfed into insignificance by an old label from Buckingham Palace, duly illustrated in Christie's catalogue, as befits such an esteemed document. The damaged potpourri ended its upward course at £18,400.

This whetted appetites. Another

potpourri of Kangxi, green porcelain with gilded mounts in the best early Louis XV rocaille style, climbed to £47,700. Before World War II, it stood on a Swedish table flanked by two Louis XV armchairs in the "oval drawing room" at 25 Park Lane, one of the Cholmondeley houses, which was demolished in 1946. A black-and-white reproduction faces the full page, driving home the fact that, broken as it might be, the potpourri was a piece from a Cholmondeley house.

But what buyers wanted most were chunks from Houghton itself. Their first really good chance was a pair of Louis XV potpourris in the form of blue porcelain small shells. These once sat on a Louis XV table in the "white drawing room." A black and white photograph, following the full page reproduction, again provided the evidence. It sent the two snails to a stunning £104,500, double the high estimate. At least, these are rare and outstanding objects. Their gilded

bronze fittings are fine, the condition is excellent.

This is more than can be said for the two bronze swans that followed. As they came up the auctioneer, Lord Hindlip, read out a notice to rectify the catalogue. One of the swans had had its neck twisted and put back in a different position to make it look like a match to the other.

The "pair" had nothing to do with La Pompadour, contrary to what was suggested in the catalogue. And, according to Michel Meyer, a leading Paris dealer in the French decorative arts who is widely credited with having the best eye for gilded bronze, the swans have nothing to do with the 18th century either. The sculptural handling, particularly in the head and the chasing, point to the Napoléon III era, Meyer says.

Fortunately the buyers were not there for La Pompadour. They were buying Houghton-cum-Rothschild relics. The hill for the pair rose to a mind-boggling £408,500.

There was more to come. Sybil Sasso, the sister of Philip, acquired from an unspecified source a pair of porphyry vases with gilded bronze handles in the shape of lions and stems designed as coiled serpents on rectangular pedestals. Given the ambitious nature of the objects, lack of provenance is curious.

THE wonderful design is ascribed by Christie's to Ennemond-Alexandre Petitot or

bronze fittings are fine, the condition is excellent.

Were the ormolu mounts executed in the 18th century? Meyer maintains that this is impossible. The handling of the heads, he says, has the hallmark of Antoine Louis Barye's age. The scales on the serpent's hide also bear the hand of a mid-19th century bronzer.

Not least, the matting in the sunken panels on the sides of the square pedestal was executed with a tool that had a bigger point than was customary in the 18th century, hence the coarsely pitted surface instead of the very fine shading effect favored in the 18th century. Could the pedestals be replacements? No, Meyer replies. The fittings were all done by the same hand. Judging from the furious bidding that culminated in an amazing £1,926,500, there were no doubt Thomas in the attendance or two of the phone to Christie's.

Amusingly, one of the most perfect 18th-century objects to be seen anywhere, a "cartel," i.e. a bracket clock with the figures of Pegasus and Perseus, could be bought for £63,500. By the standards of that sale, the high price seems moderate. Add one of the three sets of ormolu-mounted Chinese porcelain sold for £507,500, and that was about it for small 18th-century objects d'art of the highest order.

As "time capsules" and "art treasures" go, this one looks pretty much

Lilliputian.

That impression was borne out by the furniture. The gems are quickly counted. There were two admirable Boulle marriage caskets on stands that were sold for £1,541,500 to a New York dealer on behalf of a client. This set a record in their category.

The other great French piece is an

ebony display cabinet, probably de-

signed by Joseph Baumhauer, whose signature is stamped on the piece, and perhaps adapted later in the century by Jean-François Leleu, whose signature is also stamped. With its ormolu fittings by the famous Caffieri, it is typical of the earliest wave of French Neoclassical furniture in the 1740s and 1750s. At £903,500, the price may be seen as reasonable in view of its considerable importance to the history of European design.

THERE were a few important English pieces that can be called part of the historic fabric of Houghton. A pair of burr-walnut and parcel-gilt chairs supplied to Robert Walpole as part of a large suite climbed to £287,500. An armchair, striking for the quality of the carving, which was supplied by Richard Roberts, carver and joiner to the Royal Household, on the occasion of the coronation of Queen Caroline in 1727, went up to £287,500.

More surprisingly, perhaps, a record for English 18th-century seats was set by a pair of gilt gesso armchairs from the "Cannon's suite" at an astronomical £881,500. Clumsy in design, they are none too well carved as witness the human mask of plumed "Iodians" on the legs.

The sale is a landmark. For the first time gigantic prices were paid primarily for a provenance, regardless of merit, period or style. The good carried the bad. Money was poured over the pieces as if the spenders had been at a loss what to do with it, sending a mix of messages — awareness that art supplies dry up, eagerness to buy the personal belongings of role models, and, most ominously, the triumph of Big Brother culture.



A pair of Boulle marriage caskets sold for £1,541,500.

1902 Art Nouveau Show Recast

By Roderick Conway Morris
International Herald Tribune



Detail of 1894 poster for architect Paul Hankar, in Turin show.

TURIN — "Life must be brought closer to art, if art is to be brought back to life," declared the committee of the First International Exhibition of Modern Decorative Arts, held in Turin in 1902.

Art Nouveau, so-called in the French- and English-speaking worlds after Samuel Bing's shop in Paris in the Rue de Provence, though still dubbed "Liberty" in Italy (after Author Lascenby Liberty's London emporium on Regent Street) and Jugendstil (after the Munich review Jugend) in Germany and Scandinavia — was then at the height of its fashionability.

It's ubiquitous, sometimes riotous, floral and vegetable motifs, halteringly inclined, long-haired, post-Pre-Raphaelite, born-again Botticellian female nudes and whimsical love of asymmetry and decoration for decoration's sake were offering a kind of pastoral, Edenesque refuge from the inexorable march of the machine age.

More than 700 pieces, shown in the original exhibition, ranging from furniture, ceramics, glass and metalwork to embroidery, books, prints and photographs, have been painstakingly tracked down and brought back here from all over Europe and the United States for "Turin 1902: International Decorative Arts in the New Century," a revealing partial re-creation of the most comprehensive international review of Art Nouveau ever staged.

The principal venue is the Promotrice Delle Belle Arti gallery in the Parco del Valentino on the banks of the Po, where the temporary pavilions for the 1902 show were built, with an additional section at the City Gallery of Modern and Contemporary Art (both until Jan. 22).

Some countries at the time seem to have regarded the Turin exhibition as primarily an opportunity for nationalistic drum-

beating. One French art journal depicted the forthcoming event as "one of the battles in the war involving all nations for supremacy in industrial art, perhaps even a decisive battle," suggesting that it was the patriotic duty of all French artists and industrialists to participate "en masse."

However, the groups responsible for the French entry fell out with one another, and it appeared that there would be no French entry at all. The Dreyfus affair, which in 1902 was still not entirely resolved, the Jewish officer having received a presidential pardon after a second court-martial had again found him guilty of treason, had deeply divided the country in the preceding years.

But when it came to the Turin show, all the authorities involved manifested a remarkable unanimity on one point: that

Bing, the owner of L'Art Nouveau, and Julius Meier-Graefe of La Maiso Moderne, the two outstanding promoters of Art Nouveau in France, who were both German-Jewish in origin, should on no account be allowed to exhibit under the French flag. (Both were ultimately granted artistic asylum in spaces attached to the Italian pavilion, where they showed the only French offerings worthy of comment, including a striking stained-glass composition, on view here, designed by Toulouse-Lautrec and made using Tiffany's latest techniques.)

Meanwhile, the German authorities also regarded the occasion as a show window to promote the superiority of their industry and culture, generously subsidizing their contributors — the kaiser made a personal contribution toward the mounting of the German display. Raimondo D'Arco (1857-1932), Italy's leading Art Nouveau architect, was selected by competition to build most of the pavilions — a task he had to carry on mainly by remote control, since he had then been appointed by the Turkish sultan, Abdul Hamid, as "Imperial Architect of the Abdote of Felicity."

Regrettably, D'Arco is now a little-known figure, partly because many of his delightful buildings in Istanbul have been demolished. But seeing in the current exhibition his highly attractive and evocative watercolor designs for the proposed pavilions, one can easily understand why D'Arco was the organizers' first choice.

Charles Rennie Mackintosh (1868-1928) and the other Scottish contributors raised considerable interest in Turin, and the originality and stylishness of their work still shines through today.

Among the daring innovations of the 1902 show were pavilions exhibiting photographs (presented for the first time as an art form in Italy), motion pictures, and cars and motorcycles.

The Great Boston Art Heist

Tantalizing Leads, but No Real Clues, in 1990 Theft

By Ralph Blumenthal
New York Times Service

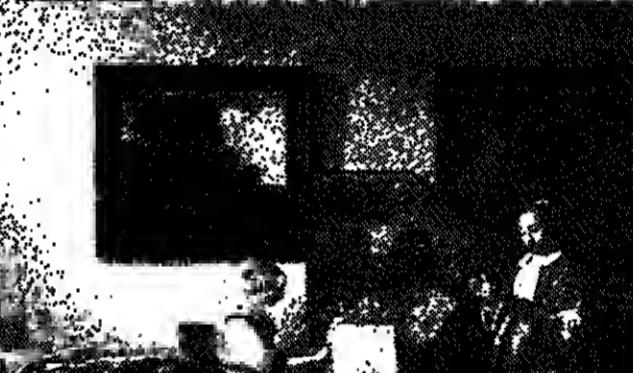
BOSTON — It was an electrifying tip, the kind of promising break that the FBI had been hoping for since the early hours of March 18, 1990, when a brazen robbery team looted the Isabella Stewart Gardner Museum of treasures valued at \$300 million.

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Among the stolen art works, valued at \$300 million, is Vermeer's "The Concert."



Also among the missing is "The Storm on the Sea of Galilee," by Rembrandt.

This was especially puzzling, as was the decision, by obviously art-savvy thieves, to steal the lesser Degas pictures rather than far more valuable works. It suggests that the robbers may have been under orders to steal the Vermeer and the Rembrandts, and then freelanced the rest.

"We don't know the message," said Falzon. "We don't understand the shopping list."

The Gardner theft was not discovered until the first staff members arrived nearly five hours later, by which time the robbers had made a getaway, taking with them the videotape from surveillance cameras. Fingerprints from the crime scene have yet to be matched to any possible suspect.

BUT investigators were not devoid of clues. The two guards, while badly shaken, were able to provide some description of the robbers. One was said to be in his late 20s to early 30s, 5 feet 7 to 5 feet 10, with short-cropped black hair, a narrow face, squarish gold-rimmed eyeglasses, a shiny dark mustache, and a "possible Boston accent."

The other was said to be in his early to mid-30s, about 6 feet tall or 6 foot 1, 180 to 200 pounds, with puffy black hair and also an apparently fake black mustache. The uniforms and shields may also have been bogus, although the FBI spent many fruitless hours in costume shops and flea markets trying to trace them.

Both robbers carried on their belts square black radios, one of which crackled with barely intelligible voices reciting police-type code numbers, suggesting the presence of lookouts, a getaway crew and transfer vehicles.

Among the mysteries is what use could be made of the pictures, given their notoriety. "What does a thief do with a Vermeer?" asked William McMullan, a spokesman for the FBI in Boston. "You don't just roll it up and walk into a gallery and say, 'Can I have \$30 million for this?'" Actually the Vermeer, which is considered priceless, has been assigned an arbitrary valuation of \$100 million, a third of the FBI's latest estimate of the worth of the loss.

Terry Lenzer, chairman of Investigative Group Inc., a Washington-based agency that has been advising the Gardner, said the investigation had so far amounted to "years of frustration," with more likely to come. "There's no light at the end of the tunnel," as Westmoreland used to say, he said.

Arnold Hiatt, a Gardner trustee, said there were bouts of gloom about the prospects of recovery and moments of impatience with the FBI investigation. But he said it was consoling to know that such thefts commonly take five to seven years to solve.

Falzon said he was resigned to further disappointments but also hopeful of possible breaks, relishing every twist and turn. "A case like this won't go away," he said.

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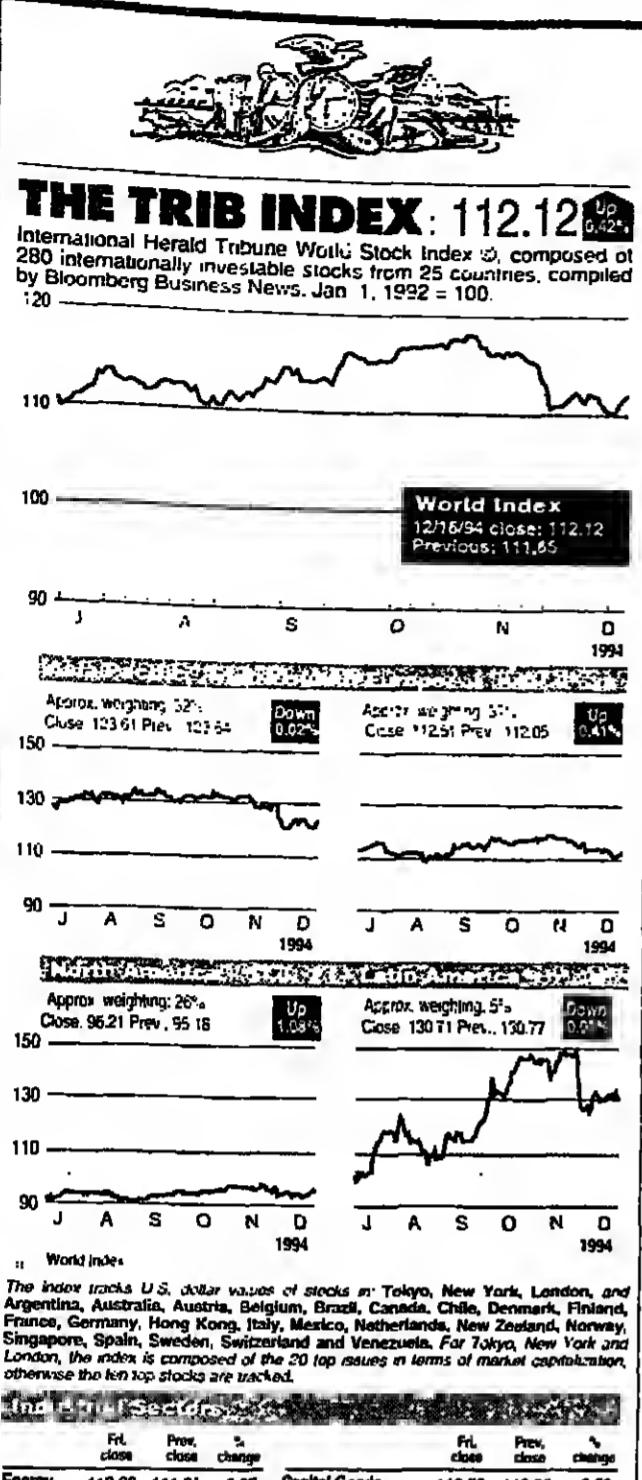
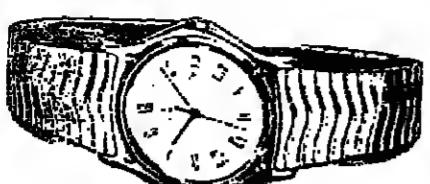
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Finance	112.41	112.21	+0.18	Consumer Goods	102.75	102.24	+0.50
Services	112.26	111.87	+0.35	Miscellaneous	114.31	114.50	-0.17

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ECONOMIC SCENE

Chinese Reforms Hit a Wall

By Patrick E. Tyler
New York Times Service

CHONGQING, China — One year ago, China's Communist Party leadership unveiled a broad program to restructure, sell off or declare the bankruptcy of thousands of state-owned industries whose heavy losses and inefficiency threatened the country's economic expansion.

Endorsed by the paramount leader, Deng Xiaoping, the plan was heralded as a path to fulfill China's ambition to create a "socialist market economy" in which free-market forces would guide decision-making. Execution of the plan by the year 2000 became a national priority.

Now, however, the reform of state-owned industries has been frozen all across China, deferred by fears of worker unrest, the absence of a social safety net for the unemployed and a debate within the leadership over how much control the Communist Party should code over the means of production.

"There is a tremendous amount of contention within the government over what to do with the state sector," a Western economist said.

Chinese and Western economists say that anxiety over Mr. Deng's health this winter and soaring inflation have also paralyzed China's reform process.

More than 70 percent of all investment in China goes into state-owned factories run by managers appointed by the Communist Party, up from 61 percent five years ago. Thus, China's state sector is growing, not shrinking.

There were 1,000 more state-owned factories in China this year than there were in 1993. Their contribution to China's economic

output has dropped from 48 percent in 1993 to a projected 43 percent this year.

Beijing's party chiefs say they are gearing up to resume state enterprise reform in 1995. But a number of Chinese and Western officials are wondering whether the new and more cautious generation of leaders that is expected to follow Mr. Deng is losing its nerve because of the huge and unpleasant task before it.

"State enterprise reform in China has become the ever-receding horizon," said Nicholas R. Lardy, an economist at the University of Washington who specializes in Chinese affairs. "They have talked about various measures, but they don't seem to implement them in any systematic fashion and each time they reach a consensus about moving ahead, they quickly back off when the reforms create problems."

With millions of jobless already drifting around the country as a migrant tide, China's leaders seem loath to risk putting millions more on the streets.

In this tired industrial city, which saw an economic boom as the capital of Chiang Kai-shek's Nationalists a half-century ago, job creation is only a concept belied by a wave of layoffs and idle production lines. In late 1992, Chongqing was the site of one of the largest bankruptcy experiments ever tried under Communist rule, and it has not turned out well.

The city laid off 2,000 workers at the largest state-owned knitting mill, a chronic money loser. The workers marched on city hall. The municipal government pressed overseas Chinese investors to help reorganize the plant under worker management. The reorganization

See CHINA, Page 13

CURRENCY & INTEREST RATES

Cross Rates

	5	10	30	90	180	360	540	720	900	1,200	1,800	2,400	3,000	3,600	4,200	4,800	5,400	6,000	7,200	8,400	9,600	10,800	12,000	13,200	14,400	15,600	16,800	18,000	19,200	20,400	21,600	22,800	24,000	25,200	26,400	27,600	28,800	30,000	31,200	32,400	33,600	34,800	36,000	37,200	38,400	39,600	40,800	42,000	43,200	44,400	45,600	46,800	48,000	49,200	50,400	51,600	52,800	54,000	55,200	56,400	57,600	58,800	59,200	60,400	61,600	62,800	64,000	65,200	66,400	67,600	68,800	69,200	70,400	71,600	72,800	74,000	75,200	76,400	77,600	78,800	79,200	80,400	81,600	82,800	84,000	85,200	86,400	87,600	88,800	89,200	90,400	91,600	92,800	94,000	95,200	96,400	97,600	98,800	99,200	100,400	101,600	102,800	104,000	105,200	106,400	107,600	108,800	109,200	110,400	111,600	112,800	114,000	115,200	116,400	117,600	118,800	119,200	120,400	121,600	122,800	124,000	125,200	126,400	127,600	128,800	129,200	130,400	131,600	132,800	134,000	135,200	136,400	137,600	138,800	139,200	140,400	141,600	142,800	144,000	145,200	146,400	147,600	148,800	149,200	150,400	151,600	152,800	154,000	155,200	156,400	157,600	158,800	159,200	160,400	161,600	162,800	164,000	165,200	166,400	167,600	168,800	169,200	170,400	171,600	172,800	174,000	175,200	176,400	177,600	178,800	179,200	180,400	181,600	182,800	184,000	185,200	186,400	187,600	188,800	189,200	190,400	191,600	192,800	194,000	195,200	196,400	197,600	198,800	199,200	200,400	201,600	202,800	204,000	205,200	206,400	207,600	208,800	209,200	210,400	211,600	212,800	214,000	215,200	216,400	217,600	218,800	219,200	220,400	221,600	222,800	224,000	225,200	226,400	227,600	228,800	229,200	230,400	231,600	232,800	234,000	235,200	236,400	237,600	238,800	239,200	240,400	241,600	242,800	244,000	245,200	246,400	247,600	248,800	249,200	250,400	251,600	252,800	254,000	255,200	256,400	257,600	258,800	259,200	260,400	261,600	262,800	264,000	265,200	266,400	267,600	268,800	269,200	270,400	271,600	272,800	274,000	275,200	276,400	277,600	278,800	279,200	280,400	281,600	282,800	284,000	285,200	286,400	287,600	288,800	289,200	290,400	291,600	292,800	294,000	295,200	296,400	297,600	298,800	299,200	300,400	301,600	302,800	304,000	305,200	306,400	307,600	308,800	309,200	310,400	311,600	312,800	314,000	315,200	316,400	317,600	318,800	319,200	320,400	321,600	322,800	324,000	325,200	326,400	327,600	328,800	329,200	330,400	331,600	332,800	334,000	335,200	336,400	337,600	338,800	339,200	340,400	341,600	342,800	344,000	345,200	346,400	347,600	348,800	349,200	350,400	351,600	352,800	354,000	355,200	356,400	357,600	358,800	359,200	360,400	361,600	362,800	364,000	365,200	366,400	367,600	368,800	369,200	370,400	371,600	372,800	374,000	375,200	376,400	377,600	378,800	379,200	380,400	381,600	382,800	384,000	385,200	386,400	387,600	388,800	389,200	390,400	391,600	392,800	394,000	395,200	396,400	397,600	398,800	399,200	400,400	401,600	402,800	404,000	405,200	406,400	407,600	408,800	409,200	410,400	411,600	412,800	414,000	415,200	416,400	417,600	418,800	419,200	420,400	421,600	422,800	424,000	425,200	426,400	427,600	428,800	429,200	430,400	431,600	432,800	434,000	435,200	436,400	437,600	438,800	439,200	440,400	441,600	442,800	444,000	445,200	446,400	447,600	448,800	449,200	450,400	451,600	452,800	454,000	455,200	456,400	457,600	458,800	459,200	460,400	461,600	462,800	464,000	465,200	466,400	467,600	468,800	469,200	470,400	471,600	472,800	474,000	475,200	476,400	477,600	478,800	479,200	480,400	481,600	482,800	484,000	485,200	486,400	487,600	488,800	489,200	490,400	491,600	492,800	494,000	495,200	496,400	497,600	498,800	499,200	500,400	501,600	502,800	504,000	5

MARKET DIARY

Earnings Prospects Lift Dow 41 Points

Bloomberg Business News
NEW YORK — Stocks rallied Friday as optimism over corporate earnings continued with the expiration of futures

and options to spark the third most active day of trading on the New York Stock Exchange.

"Profits are going to be real good next year," said Robert Turner, chief investment officer at Turner Investment Partners in Berwyn, Pennsylvania. "It may be hard to exceed this year's profits, but they'll continue to be solid."

The Dow Jones industrial average climbed 41.72 points, to 3,807.19, its first close above 3,800 since Nov. 18.

Shares of Aluminum Co. of America, General Electric, United Technologies and DuPont led the advance.

The price of the benchmark

Treasury bond rose 5/32 point, to 95 30/32, bringing its yield down to 7.85 percent from 7.87 percent Thursday.

Volume on the NYSE was 479,19 million shares, well above the daily average of 303,19 million and the most active day since 608,14 million shares were traded on Oct. 20, 1987, the day after its biggest one-day loss ever. Analysts attributed the heavy volume to so-called triplewitching, when futures and options on U.S. stock indexes and options on individual stocks expire simultaneously.

Shares of Goodyear rose 5/16 to 33 5/16 amid optimism about increased demand for tires and improved pricing. On Thursday, Stephen Gursky, an analyst at PaineWebber Inc., repeated his buy recommendation and said concerns that a weakening economy would hurt the company's results were "overblown."

Dollar Awaits Fed Move

Bloomberg Business News
NEW YORK — The dollar gained slightly against the Deutsche mark and retreated against the yen Friday after a surge in U.S. housing starts

Foreign Exchange

failed to alter expectations that U.S. interest rates will not rise again this year.

Traders have been watching this week's economic reports closely for signs the economy is growing fast enough to prompt the Federal Reserve Board to raise rates next week, a move that would make dollar-denominated assets more attractive.

U.S. housing starts staged their biggest gain in eight months, rising 6.9 percent in November from a year earlier.

But traders discounted the data.

"Housing starts have never been a big mover of the currency market," said Dennis Pettit, foreign exchange manager at Long-Term Credit Bank of Japan.

The dollar edged up in late trading to 1.5728 DM, from 1.5711 DM on Thursday. It rose to 5.4235 French francs from 5.4145, and to 1.3239 Swiss francs from 1.3270. The pound fell to \$1.5605 from \$1.5630.

Against the yen, the dollar fell to 100.225 yen from 100.385.

Subdued inflation numbers and regional Fed reports released earlier this week made investors confident the U.S. central bank would postpone the next rise in rates until next year, analysts said.

Maurice Saatchi Resigns

Reuters
LONDON — Maurice Saatchi has resigned as chairman of Saatchi & Saatchi Co., the worldwide advertising company he founded with his brother Charles, effective Friday.

The company's board said in a statement that he was "considering an offer from the board to be appointed joint president of the company and also chairman of Saatchi & Saatchi Advertising Worldwide." It said the board had decided to propose to shareholders a change in the company's name, but it did not say what the new name would be.

Jeremy Sinclair, currently the deputy chairman, will become acting chairman pending the appointment of a successor.

VIDEO DISK:

Sony and Philips Plan a System for Full-Length Movies

Continued from Page 9

He added, however, that a key feature of the rivals' proposal — a double-sided disk — was not negotiable.

He and other officials emphasized that Friday's announcement did not mark a breakdown of intra-industry talk, which were continuing in many forms. Rather, it was prompted by a desire to clarify

the company's position following a potentially misleading report in the local press.

Sony and its partners hope to gain industry consensus on the standard by mid-1995 and introduce the players in 1996.

The victor in the format battle is likely to be decided by Matsushita, the world's biggest consumer electronics company and, like Sony, owner of a major Hollywood film studio. To-

gether with Philips, the software, hardware and marketing power of the group would be overwhelming.

Sony officials stated Friday that Matsushita intended to support their group. But in a statement, Matsushita said only that it would continue to study the issue.

If emotions have gotten the best of Japanese executives, it is

in part a measure of the importance the industry is placing on the digital video disk.

In the past, the industry enjoyed a string of innovative blockbusters — from Walkman to video-cassette recorders to video camcorders — that kept revenues rising. But in the past few years, with technology seemingly at an impasse, revenues have eroded as markets grew saturated.

WORLD STOCK MARKETS

Agence France Presse Dec. 16

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THE MONEY REPORT

FIRST COLUMN

Don't Belittle Money Gift as Materialism

THE Christmas holiday season is prime time for hollow sermonizing. The standard formula runs along these lines: What does this Christian festival really mean in today's cruel world of war, starvation and suffering? Shouldn't those who are materially "comfortable" feel guilty about the hideous excesses of it all?

Fortunately, the spiritual meaning of charity, the ontological significance of the ethic of redemption, and the re-evaluation of Judeo-Christian society is handsomely beyond the scope of this column. But there is one point that cannot be ceded to the Olympian authority of this assortment of preaching clerics (who cynics might say are just trying to drum up as much business as possible this time of year). This is the all-too-common confusion between materialism and money.

The point is this: Even if materialism is bad in principle, money is not materialism. So there is no need to feel that giving a financial gift is in some way shallow, wrong, or somehow not a "real" gift.

A gift of money can be thoughtful for the long term, and positively educational for the recipient. This is only so if the gift is more sophisticated than handing out a few greasy banknotes. To be a true gift, the financial donation needs to be something with a little more implicit thoughtfulness than cash — a mutual fund, a share, a warrant. Just about anything, in fact, that cannot be instantly converted to candy.

If you buy for a young relative you are planning for the future and perhaps helping to raise the child's financial awareness. If you buy for an adult you have the opportunity to do a little kibitzing that will for once be welcomed. Here is one answer to the perennial question of what to buy for the man who has everything, and that's not a Russian Imperial bond; an Indonesian hydroelectric stock, that's it.

M.B.

Sometimes Only Santa's Helpers Can Know What's Best

By Rupert Bruce

YOUNG Thomas Spens probably won't appreciate all of his Christmas presents. For, while there will be plenty of gaudily wrapped toys from his mother's family under the tree on Christmas morning, all he will have from his father's will be notification of an investment in the Fidelity Funds Emerging Markets Fund.

Maybe, however, he will be grateful when he is a little older. His paternal relations have clubbed together to invest between \$150 and \$450 in the fund for him each birthday and Christmas since 18-month-old Thomas was born. That does not amount to much yet, but they plan to continue until he is old enough to spend the money. They hope he will put it towards something worthwhile, like university fees.

Judy Delforce, his aunt, is a media relations executive at Fidelity Investments' European headquarters in Hildenborough, a small town in the English county of Kent, so she is well versed in the benefits of regular saving.

"Some people give newborn babies presents, but we give him money for his future," said Mrs. Delforce. Experience acquired in her job led to this choice of gift. She has chosen the emerging markets fund in particular because she believes funds investing in such markets will outperform those that buy shares in developed markets over the next 20 years or so. And she has decided on a regular and disciplined approach to saving, because this makes use of a shrewd investment technique called dollar-cost averaging.

The main advantage of this is it removes any chance that investors are buying into the market at its peak. Statistics show that small investors have a tendency to do just

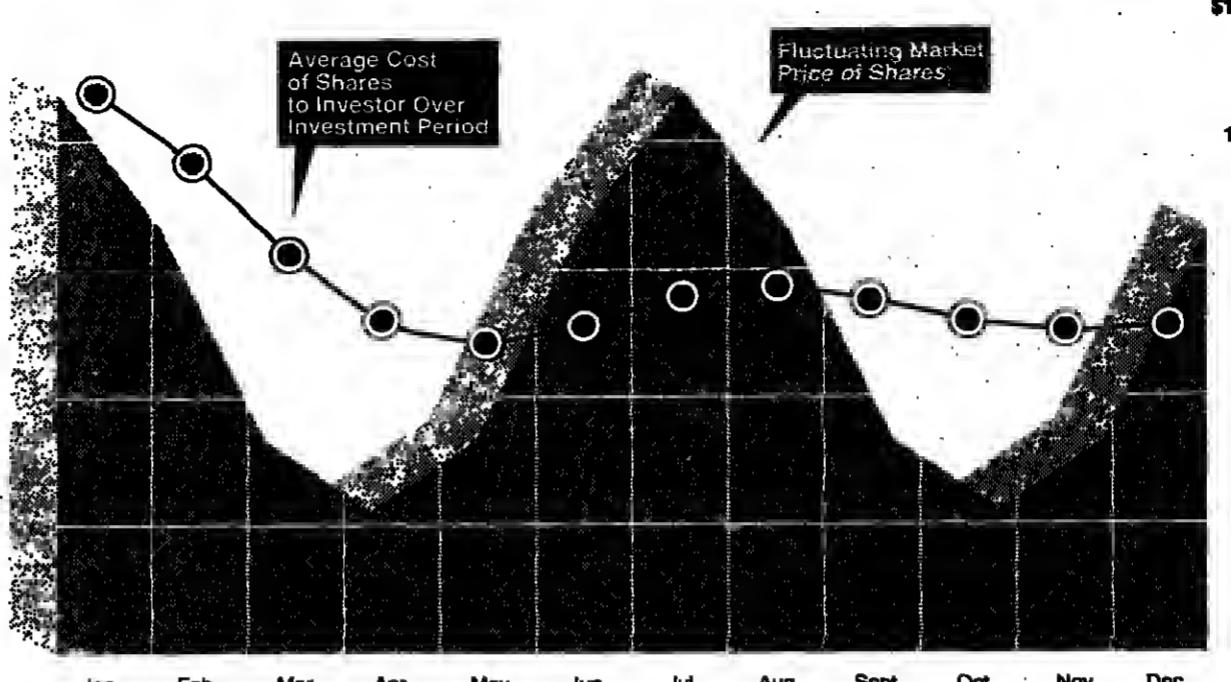
Financial Gifts

Page 17

Avoiding tax traps
Penny share pumping
The kids' portfolio
Offshore trusts' attractions

Dollar-Cost Averaging Illustrated

Smoothing out the Market's Ups and Downs



Source: Merrill Lynch

hump sum to give students a start when they leave college.

In Britain, regular savings plans have been an important ingredient in the re-emergence of investment trusts, investment funds that are listed on the London Stock Exchange, as popular savings vehicles. After small beginnings when the first schemes were launched in 1984, investment through savings schemes has increased in the 1990s and this now accounts for a total of £358 million (\$1.3 billion).

Regular saving is also growing in popularity offshore and in Europe. Fidelity reports it has a savings plan attached to its Fidelity Funds Luxembourg-based range of funds. And the Fleming Group, another leading international mutual fund manager, has introduced regular savings into its Fleming Flagship fund range. These products are also based in Luxembourg, in response to popular demand from German investors.

Dollar-cost averaging works best of all in volatile markets. "The more the volatility of the market the better this works," said Mr. Durett. "In a flat market it will not be as useful to the client as it would be in fluctuating markets." This is obviously because the mechanics of buying more shares when markets are low and less when they are high will only work well if the markets fluctuate rather than stick to a gently rising path.

For this reason, experts do not recommend regular investing as a way of buying fixed interest investments like bonds or bond funds. With the possible exception of the last year, bond markets are much less volatile than equity markets.

Dollar-cost averaging is a system that makes expert market timers of us all. If this Christmas is true to the pattern of gently rising popularity, then more children than ever will receive contributions to regular investment programs. This is more than a gift of money. Children will also get a bit of financial savvy. It is a gift that probably won't spark the enthusiasm of the latest Sega Megadrive, but will be better appreciated in years to come.

The Money Report is edited by Martin Baker

Slip a Derivative or Two Under the Tree

By Digby Larmer

A T FIRST sight the idea of using volatile and complex financial products like derivatives to give a money to friends and loved ones may seem reckless. Although investments of this type often offer the chance of high returns for relatively little outlay they can also sink without trace with alarming speed should stock markets fall. Certainly not a suitable choice for widows and orphans — or residents of Orange County, California.

But there is more to derivatives than meets the eye. Apart from adding spice to investments they can, in some circumstances, also be used to protect them.

Options, in particular, are used by a growing number of investors to help deliver stock market gains while limiting the downside risk.

An option gives investors the right to buy or sell a share, commodity or other entity, for a set price at some date in the future. It costs only a fraction of the value of the share itself and can be a cheap way of profiting from falling or rising markets.

If the market falls, those holding options to sell at today's higher prices are the winners. In a rising market options to buy shares at today's lower prices are the ones showing a profit. The only downside risk is the cost of the option should the market not perform in the way the investor expected — something that can be accounted for from the start.

The obvious warning is that using options successfully depends on how good the investor is at second-guessing the market, a skill often sadly lacking even among professional fund managers.

In combination with safer, more predictable products like interest-bearing deposits or zero coupon bonds, however, options can help package a gift which both protects capital and benefits from future stock market gains.

Tony Thomson, chief investment officer with the fund manager Foreign & Colonial in London, says this makes them an ideal way of giving money: "The neatest way to use these things is to spend, say, 90 percent of the money on zero coupon bonds and use the rest to buy an index option; effectively using the interest on the investment to buy a call on the market. That way, instead of the person having an investment that will jump all over the place, they have something that, at worst, will pay them the amount of the original gift."

He added that because zero coupons or interest-bearing deposit will be based on a set term such gifts can be arranged to mature at a useful time for children, say at 18 or 21 years of age.

"Fund managers may not thank me for saying it, but apart from a few added extras, like insurance, you find that you're paying hell of a lot for something that a reasonably competent nonprofessional could probably do for themselves."

The warrants market has also proved popular for private investors during 1994, say some analysts. Warrants, like options, give investors the right to buy shares at a set price sometime in the future.

They can also be traded, their value rising or falling depending on the performance of the share they represent.

Because they are usually cheaper than the share itself, warrants are another way of gearing an investment. Investors can

gain exposure to the market at a lower cost than if they bought the company's shares directly.

However, the warrants market can be extremely hard to predict, analysts warn. The value of a traded warrant depends on more than the typical demand and supply factors effecting the stock market. Where and when they were issued, interest rate movements and their expiry date also play a part.

Andrew Watkins, an analyst with Fleming Investment Trust Management in London, says there has been a trend this year toward companies giving away warrants with new share issues as a way of tempting investors into the market but he doubts this will continue into 1995.

"There has been a lot of press speculation in the United Kingdom about how these warrants were not worth issuing," he said. "The problem is that many of the people who bought new issues and subsequently got a warrant didn't know what it was."

He fears that all too often such warrants will be left untouched until they expire.

Analysts also warn that in today's market warrants may be especially risky. Rupert Lowe, an analyst with Kleinwort Benson in London, says the the rough ride suffered by warrants this year is unlikely to improve during 1995.

"Frankly," he said, "I think the outlook is pretty bleak. You've still got severe budget deficits in some countries and relatively low growth in most Western economies. Really the last thing you would want to do at the moment is get into some kind of leveraged instrument."

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BRIEFCASE

Banque Cortal Unveils France Rendement Fund

Banque Cortal, the Paris-based mail-order bank that runs a successful interest-bearing checking account, is launching a bond fund. The SICAV France Rendement will commit money to a variety of government bills and French debt.

For more information, write Banque Cortal, 131 Avenue Charles de Gaulle, 92571 Neuilly-sur-Seine, France; or call Paris (33 1) 47 38 93 00, fax (33 1) 47 14 79.

Guinness Mahon Guernsey Sets a Currency Facility

Guinness Mahon Guernsey is offering users of its 25-currency offshore bank account a currency borrowing facility. This is, according to the bank, a consumer-led move.

"During the recent bout of dollar weakness, we had an increasing number of requests to borrow sterling against dollar balances from customers who needed sterling cash but were reluctant to convert their dollars," said the bank's managing director, Carol Goodwin.

For more information, call Guinness Mahon Guernsey, at Guernsey (44 481) 723 506.

Sant Cassia Management Offers Global Macro Fund

Sant Cassia Investment Management, a member of the Securities and Futures Authority, is launching a new vehicle entitled the Global Macro Fund. Domiciled in the British Virgin Islands, and listed on the Dublin stock exchange, the fund will seek to provide capital growth with a minimum of risk. The objectives are ambitious: The fund's brochure details a hoped-for annual return of 15 to 25 percent with consistent month-on-month performance.

The fund will commit its assets to the foreign exchanges, government debt, stock indexes, energy, and precious metals.

The charging structure, in addition to variable annual fees, includes an incentive to the manager's funds, at 10 percent of capital profit after investors have cleared 5 percent net of annual charges for fully paid shares.

For more information, write Custom House Asset Management Ltd., 31 Kildare Street, Dublin 2, Ireland.

Fleming Trust Management Proposes a Share Exchange

Fleming Investment Trust Management is offering investors who hold shares in "extractive industry" companies (such as Ashanti Goldfields, RTZ, Minoro, English China Clays, etc.) the opportunity to exchange them for a stake in one of its range of 18 investment trusts (quoted closed-end mutual funds). The exchange will be done at a cost of £7.50 (\$11.25), and investors will pay a transaction charge of 1 percent, up to a maximum of £50.

Fleming says that some \$300,000 of shares pass through its share-exchange scheme each month. "The purpose of [the scheme] is to give investors exposure to a wider portfolio rather than relying on the fortunes of just a few companies, so creating a more prudent and solid approach to share ownership," said Patrick Gifford, chairman of Fleming Investment Trust Management.

The offer is open until the end of December.

For more information, call the Fleming Helpline number at (44 71) 382 8800.

In next week's Money Report: international intermediaries.

THE MONEY REPORT

Be Extra Generous to Your Beneficiary, and Scrooge to the Tax Man

By Rodney W. Burton
and Kimberly Moreland

TAXATION has few principles that apply across international borders. But one, sadly enough, is that the government wants a large piece of everything, even gifts.

Just how large a slice a government wants will usually depend on the mechanics of giving, whether a gift is made to a charity or to a person. A gift tax is normally assessed on the fair market value at the time of transfer of the gift. For this reason, financial products, which provide opportunities to plan the timing of income flows and value of property, may make more interesting gifts than cash or other types of property.

Of course, tax considerations — like

simplifying probate, providing for a smooth transfer of a family business or supporting a worthy cause — often dictate the form and nature of a gift.

However, assuming all else is equal, from a tax perspective, what should you consider when making gifts? Here are a few pointers:

- **Consider giving property with appreciation potential.** If you own property that you believe is likely to increase significantly in value (in real terms), you can minimize gift and estate taxes by transferring the property while its value is still low. Stock or options of a start-up company, or any share-based instrument during a bear market, may achieve these results.

The gift-tax benefit of giving low-value property should be weighed against the potential tax cost to the recipient, who generally will take the donor's basis in the

property and thus would realize capital gain on a disposition of the property. In contrast, at least in the United States, if the property were willed to the recipient, his or her basis would be the fair market value of the property as included in the donor's estate, thereby reducing the eventual taxable gain.

- **Consider income-splitting.** A family's overall income tax liability can be reduced by "income-splitting." This means shifting high-yield property to members in low-income tax brackets, such that they are exposed to the future income from the property. A zero-coupon bond can be a good candidate for an income-splitting gift, as an income-splitting would reduce the cost of recognizing interest income on an accrual basis for tax purposes even though no cash is received until maturity. Note that in some countries income-splitting will not

work if the gift recipient is a child, or if the income is considered to have been "assigned" rather than the property transferred.

- **Do not give assets that have depreciated in value.** As mentioned above, a recipient normally takes the donor's basis in gifted property. However, if the donor's basis exceeds the fair market value of the gift, it may not be possible for the recipient to benefit from this built-in loss on the eventual disposition of the property.

In the United States, for purposes of recognizing a subsequent loss (but not a gain), the recipient's basis will be the fair market value of the property on the gift date.

Even if you increase the amount of the gift to cover the recipient's tax cost, the overall tax paid will be lower than if you liquidated the asset yourself. Again, if a

"kiddie tax" applies or the income is treated as assigned, the benefit may not be fully available.

- **Do not give assets that have depreciated in value.** As mentioned above, a recipient normally takes the donor's basis in gifted property. However, if the donor's basis exceeds the fair market value of the gift, it may not be possible for the recipient to benefit from this built-in loss on the eventual disposition of the property.

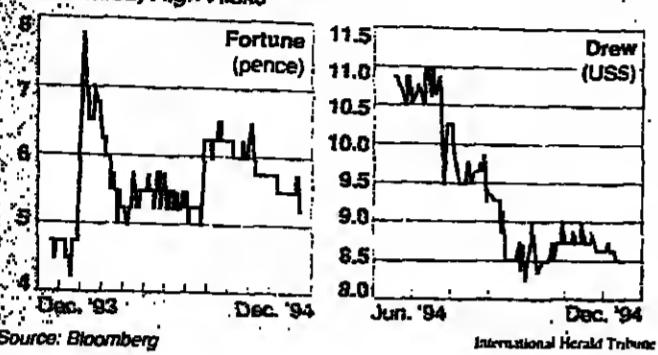
In the United States, for purposes of recognizing a subsequent loss (but not a gain), the recipient's basis will be the fair market value of the property on the gift date.

For example, assume you purchase stock of XYZ Co. for 100, and give the shares when they are worth 70. If the recipient later sells them for 60, the tax

loss will only be 10. However, if the recipient later sells the shares for 120, the gain will be 20. No gain or loss would be recognized if the sales price is between 70 and 100.

While giving financial products may allow you to take advantage of these techniques more readily than gifting other assets, they also present certain issues. In most jurisdictions gifts do not occur until they are "completed," that is, until the donor no longer retains legal rights or economic benefits in the property. This is significant because the value of the property is set when the gift is made.

Rodney Burton is a partner with S.G. Archibald in Paris, and Kimberly Moreland is a manager with Arthur Andersen International in Paris.

Penny Stocks
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Best Performing Mutual Funds

Leading mutual funds from Belgium, Britain, France, Germany, Ireland, Italy, Luxembourg, Offshore Territories, Switzerland and the United States. Value of \$100, income reinvested excluding charges.

	Over one month to Nov. 30, 1994
Govt M/S Hong Kong Bd	12.04
GB World Bond	10.70
Prov Cap Old Futures Bd IV	8.21
Prov Cap Old Futures Bd II	8.01
Prov Cap Old Futures Bd I	7.77
Nestor Latinamerica	7.26
Prov Cap Old Futures Bd II	6.51
Templation Global Income	6.23
Turkish Growth Fund	6.04
Nestor Latinamerica	5.97
DuraPlant Holdings-Reno	5.96
Land-Int'l MMF AUD	5.09
WIF-Bank Arzefonze	4.78
Carlo Bond Fund AUD	4.76
Clarendon Derivatives	4.55
Trade Rent	4.51
Mercury Int'l US Equity Bear	4.45
Hambros EMMA Ausf: Div-Ben	4.26
Herthwingspannida	4.14
Henderson Technology	4.12
Credit Bond AUD-B	4.06
AEG Worldwide US Aggr. Egg	4.03
Pacific Agg. Divl Fix Inv	4.03
First Avenue IHL AUD	4.03
Five Avenue CHL AUD	4.02
Mc Lynch Gold Fund-Australia	3.97
AEF Money Fund AUD	4.01
DEM Australian Divl Reserve	4.00

Over one year to Nov. 30, 1994

Genetics Chile	52.57
Brasilian Inv Co	52.56
Waverley Australasian Gold	51.49
INVESSCO Taiwan Growth	50.47
Elmity	50.32
Centaur Equity	50.03
GT Chile Growth	50.78
Baring Korea	54.26
Hypo PAC-PII Mediterranean	52.81
Amante-Int'l GR Korea	52.04
Amante-Int'l GR China	52.13
Manlife Fund Company Ltd	50.31
Thomson Taiwan Equity Income	50.05
GT Taiwan	49.62
JE Taiwan Trust	49.45
Taipei Fund NAV	49.19
Formosa Fund	48.13
Border Korea	48.08
Hill Samuel Japanese Technolo	47.22
Seligman Communs & Info/A	46.79
JP Japan Technology	46.78
Baring Korea	44.69
Schneider Beta FE Wmngt	44.48
Concord Comms & Info/	44.18
Indonesia Fund	42.80
Mercury Gold & General	42.60
Fidelity Fund Nordic	41.77
General Fund A	39.82

Over five years to Nov. 30, 1994

Genetics Chile	485.25
Quantum Fund	485.00
Medcan Inv Co	484.97
IF India	484.90
Colonial Securities Hong Kong	484.79
Standard New York Hong Kong	484.75
Standard Hong Kong	484.75
SAM Fund	484.75
Schneider Asia Hong Kong	476.44
CL Singapore Growth	467.87
Alpha (FE) Asia Trust	282.41
JF Thailand	281.82
Industrie Hong Kong	247.81
Mercury Gold & General	245.75
Anal Analysts	225.54
CL Asia Fund Growth	224.82
Prov Cap Old Hong Kong	221.61
Prov Capital Thailand	220.35
Genetics Emerging Markets	218.81
Putman Emerging Fund	210.90
Prov Cap HK Stockmarket	210.52
Astra (IF) Asian Equity A	208.71
GAM Singapore/Malaysia	208.58
HSBC G/F Hong Kong Equity	207.82
Bairing Int'l Fund HK & China	206.38
INVESSCO Hong Kong Growth	204.08
HSBC Hong Kong	204.07
HSBC Fund (Cayman) Ltd	204.07

Source: Micropal

Maybe Penny Shares
Won't Be Profitable,
But They'll Be Fun

By affine Sullivan

A last minute Christmas gifts. Penny shares have their attractions. They carry more than their fair share of risk, but following their performance should never be boring.

Many brokers are reluctant to discuss shares valued at less than a dollar, saying that they are too speculative. An exception is Bruce Paparella, research director at Carr Securities in New York. He argued that shares in promising companies are frequently suppressed by poor management.

"These companies are like blemished fruit," said Mr. Paparella. "You won't find a beautiful apple in the garbage pile, which is where we look for these shares. But you can find ones that are only rotten in part. And then you wait for that part to be cut out."

He cited two companies in support of this view. The first, Miami-based Southeastern Public Service, has interests ranging from oil and gas processing to tree trimming. The company used to be controlled by Victor Posner, a well known and often disgraced U.S. investor. When Mr. Posner sold his stake, shares trading on the Pacific Stock Exchange jumped to \$24 from about 75 cents. In July 1993, the company was merged into Traiac, a New York holding company.

Ross Haberman, manager of the \$20 million Haberman Value Fund in New York, cited Concorde Colleges, Mr. Paparella's second example, operates secondary training schools. Shares in the company, which is based in Kansas City and traded on the OTC Bulletin Board, were suppressed by the management's trouble with the government over its high rate of student failures and subsequent loan defaults. Management has recently passed to the apparently competent hands of the former chief executive's son but the change has not yet been reflected in the company's share price.

"Concorde is trading at 20 cents per share when it earned 13 cents in the last quarter alone," said Mr. Paparella. "Within three or four years it should be valued at \$3 or \$4 per share."

Many investment advisers are skeptical about the chances of spotting enough winners in the penny share category to outweigh the inevitable — and far more numerous — duds. "You can hit a home run but there are a lot more strike outs but there the change has not yet been reflected in the company's share price.

Others are even more bearish. Keith Mullins, managing director of Smith Barro, emerging growth stocks in New York, has a simple philosophy: "Anything priced at less than \$5 is cheap for a good reason."

But penny stocks do offer prospects for capital appreciation that blue chip companies

Readers are reminded that investing in penny shares is extremely risky. Investors could suffer substantial capital losses. The above article reflects the views of the analysts quoted — it does not endorse them.

Packaging a Financial Christmas Gift

By Judith Rehak

FOR those who want to help a child get off to a good start by playing financial Santa, a host of variables come into play: the purpose of the gift, the age of the child, the amount of money to be given, and the instrument. There is also plenty of self-interest at work in such gift-giving.

A popular way to give money to children is to set up a Uniform Gift to Minors Account, thereby shifting assets from the parents' higher tax base to the child's. Under the UGMA structure, a child under the age of 14 receives the first \$600 of investment income tax-free, the second \$600 is taxed at the child's rate (usually 15 percent), and the parents pay at their rate for the rest. But when the child turns 14, all income is taxed at the child's rate. This provides a big tax break to the parents, but the downside is that the child gets control of the money at the age of 18 or 21. Many parents decide to forgo the tax relief and keep control of a gift, for fear that the college fund will be blown on a Porsche.

But regardless of which path you take, there are certain guidelines. First, say the experts, a newborn's first Christmas is not too soon for a financial gift. "The key is to start early, because compounding over time has a tremendous beneficial effect," says Craig Litman of Litman Gregory, a San Francisco group which advises clients on buying no-load mutual funds.

Along with many financial advisers, Mr. Litman advocates equity funds, with a hefty stake outside the United States.

Another common use for a trust can be a smart way of sheltering financial gifts from the tax authorities, but, be aware, there are many other advantages reasons for channelling donations through this medium.

"Situations do arise where individuals with their children or grandchildren to benefit from their wealth, but they do not wish to make outright gifts because of the concern that the funds will be squandered or seized by creditors," said John Heaps, senior manager for Abacus Financial Services Group in the Channel Islands. "By placing the gift into trust, the settlor has the comfort of knowing that the trust is being properly managed for the sole benefit of the beneficiaries."

There may also be circumstances where a delay between the giving and receiving of a gift is desirable. Paul Hauser, a lawyer with the London office of the American law firm Bingham, Carrington & Waugh, says that the trust structure can be useful if the donor is unsure who in a class of beneficiaries will need the gift the most.

"Cash, property and securities are often left in trust to be split equally between several beneficiaries. However, if circumstances change and one of the beneficiaries desperately needs more than his allotted share of the assets, it is comforting to know that a discretionary

as the only way to beat inflation. His ideal gift would be a \$20,000 portfolio of aggressive equity funds, with 65 percent devoted to U.S. stocks, using Stroog Growth, a small- to mid-size company fund and Harbor Capital Appreciation, a large-company growth fund. The other 35 percent would go to non-American equities, using the Warburg Pincus International Equity Fund, a growth-oriented vehicle, and Harbor International, which focuses on large companies.

For a smaller \$10,000 portfolio, he suggests Strong Opportunity, a fund which specializes in mid-size companies, and Mutual Beacon, which seeks out undervalued stocks. "Their approaches are slightly different, and they both cover U.S. and foreign markets," he said.

"You need three to five years minimum for an equity portfolio to get through one market cycle," he added, "but if you have 10 years to work, that's ideal."

For those who don't happen to have \$10,000 to hand over to a child, there are any number of mutual funds which require only an initial investment of \$1,000. One of the more interesting alternatives, however, is the Twentieth Century Gift Fund, which can only be given as a gift, and requires a minimum investment of only \$250. The child becomes the shareholder in an individual trust, while the gift-giver sets the duration, which must be at least 10 years, or until the child reaches the age of majority, whichever is longer.

"Our customers are usually parents or grandparents giving to young children, even babies in the crib," says Gunnar Hughes, a spokesman for Kansas City.

But even though the experts are unanimous in advocating equity funds, they acknowledge that some gift-givers don't feel comfortable with the ups and downs of the stock market, and even less so with funds that invest in exotic places like Thailand and Brazil.

For this more conservative group, a popular gift option is the zero-coupon bond, where the interest is paid only at maturity. Even though the returns don't match those of equities, the giver can put the bond away knowing exactly how much money will be coming to the child on what date.

"For a Christmas gift to a one-year-old child, you could spend \$5,000 for a zero coupon yielding about 8 percent, maturing in 18 years," suggests Lewis Altfest, a New York City financial planner. "It would be worth about \$20,000 just as the child is starting college."

But for those who want to spend some extra time with an older child or grandchild, Mr. Altfest has

SPORTS

Double Debut: New Downhiller Wins Opener

Compiled by Our Staff From Dispatches
VAL D'ISÈRE, France — Josef Strobl of Austria made a stunning World Cup downhill debut Friday, streaking out of a late starting position to win the opening men's downhill of the season.

He raced in two giant slaloms last year with a best of 19th, but this was his first appearance in a World Cup downhill.

"I prefer the giant slalom but I have a feeling my best results will be in downhill this year," said Strobl.

Starting 61st, he finished the Orelle-Killy course in 1 minute, 57.30 seconds.

"I had a good start and went for it," he said. "I made a good run despite a little mistake at the bottom."

France's Luc Alphand was second in 1:57.41. Third was Günther Mader of Austria in 1:57.57, who edged his compatriot Patrick Orlieb, 1:57.61.

Alphand held the lead for more than an hour after starting 11th.

It was the first time in the history of the World Cup that a skier has won the first downhill he has entered.

It was just Strobl's third World Cup race and only Piero Gros and Gustavo Thoeni of Italy have done better. Each won the first World Cup race they started, Thoeni in 1969 and Gros in 1972; both were giant slaloms at Val d'Isère.

Strobl gained four medals in five races at the junior world championships in 1993, winning the giant slalom and getting a silver medal in the downhill, and placing thirds in the super-G and combination.

He had the best time in training Thursday.

Orlieb won the 1992 Olympic downhill in Val d'Isère but on a different course. He took



Austria's Josef Strobl made a stunning downhill debut on Friday, soaring from the 61st starting position to victory.

the opening super-G of the season last week in Tignes.

It was Alphand's second consecutive top three finish — he was third in the super-G at Tignes.

Despite Alphand's disappointment, it was a good day for the French, who had three men in the top 10.

Another downhill is scheduled Saturday, and a giant slalom Sunday.

"I am not going to do anything different," Strobl said, looking ahead. "A top 30 finish would be nice and a top 15 would be even better."

Alberto Tomba still leads the World Cup standings with 250 points. He does not race the downhill but is expected to compete in the giant slalom Sunday despite a bruised rib.

Orlieb moved into second with 150 points. (AP, Reuters)

Weather Forces Changes

Lack of snow and mild weather in most European Alpine resorts forced the International Skiing Federation to reschedule men's and women's World Cup events on Friday.

In the women's World Cup, a giant slalom scheduled for the French resort of Morzine now moves to Alta Badia on Wednesday. A women's super-G, which was also set for Morzine, was not rescheduled.

Baseball Owners Put Off Imposition of Salary Cap Teams Vote to Delay Move for a Week

By Murray Chass

New York Times Service

CHICAGO — Keeping their ultimate weapon holstered for the second time in 16 days, major-league baseball club owners have voted in delay for another week their decision to declare a labor impasse and implement a salary cap.

The decision, reached in a 23-to-3 vote on Thursday, was contingent on the union's agreement to postpone two deadlines dealing with player contracts.

Donald Fehr, the union chief, said from New York that he would recommend to the players' executive board that the union agree to the postponements. That would establish the clubs' deadline for imposing their salary-cap proposal as Thursday.

If there is no resolution of the strike, Bud Selig, baseball's acting commissioner said, "Next Thursday or Friday morning at 12:01 A.M., the implementation process will begin."

The owners' vote Thursday gave the executive council, which Selig heads, the authority to implement the clubs' final offer, the salary cap they proposed Nov. 17.

Although Selig and John Harrington, chairman of the negotiating committee, emphasized that the owners acted solely in the interest of negotiating an agreement with the players, the decision raised the possibility at least that the owners became concerned that if they had acted Thursday, they would have been declaring an impasse in the talks prematurely.

When the clubs' negotiators left Rye Brook, New York, on Wednesday, they were in the middle of perhaps the most promising period of the talks since negotiations began six months ago.

If the owners had declared an impasse Thursday, they might have strengthened the union's challenge before the National Labor Relations Board.

An employer can declare an impasse in talks any time he chooses, but he has to be prepared to defend the action in the face of a union challenge.

The owners initially had

scheduled the meeting to act on implementation for Dec. 5, but they emerged from a bargaining session on Nov. 30 and announced that they had agreed to postpone the meeting for 10 days to give negotiations additional time to work.

Formal negotiations broke off on Dec. 6 in Chicago.

some management people since have suggested that the owners themselves wanted to delay the meeting and the vote.

Although Usery said last week that implementation would be "very, very unfortunate," Harrington said Thursday he had not asked the owners to delay their vote again.

Selig did not know the three clubs that voted no, presumably on the issue of implementation not on a delay.

Peter Angelos of the Baltimore Orioles was on record as saying he would oppose implementation. The Toronto Blue Jays and the New York Mets were believed to be the other two clubs with negative votes.

The overwhelming majority of owners are eager to implement the salary cap if the two sides are unable to reach agreement on a new collective bargaining contract. But they don't want to put themselves at risk legally.

Usery said it was positive that the owners were willing to continue negotiations without a salary cap in place.

He said the union would hold internal meetings during the weekend, then be prepared to resume negotiations Monday.

Talks had been stalled on the union's refusal to accept a salary cap or a luxury tax on payrolls that could act like a cap. The owners removed their latest tax plan, the one they made last Sunday in reply to players' proposal 24 hours earlier, from the table Tuesday in Rye Brook.

But during a bargaining session late Tuesday into early Wednesday, the clubs' representatives, for the first time, indicated that they might have some flexibility on the way they would tax payrolls.

That idea caught the players' attention, and the two sides returned to talk Wednesday afternoon in a more hopeful manner.

But while the union offered seemingly conciliatory ideas on elements of the owners' revenue-sharing plan that is linked to a salary cap, it did not produce a proposal the owners' negotiators said they expected and were waiting for.

SIDELINES

Beckenbauer Assails "Stupid Games"

BONN (Reuters) — The former German soccer star and coach Franz Beckenbauer said on Friday that forcing the German national team to play against nations such as Albania and Moldova was a slight.

Beckenbauer called on UEFA, European soccer's governing body, to end "these stupid games" and said smaller countries should play separate qualifiers in international competitions, allowing the "great" soccer nations to play against each other. Germany defeated Moldova 3-0 on Wednesday and faces Norway in on Sunday in a European Championship qualifying match.

"When I think of international matches, I imagine clashes with the great nations — Italy, England, the Netherlands," Beckenbauer wrote in the mass-circulation Bild newspaper. "But at the moment we have to wait two years before we meet these soccer greats. That's why games against countries like Moldova are a slight to the German national squad. They're just stupid."

Chinese Track Coach Ma Has Cancer

HONG KONG (AP) — Ma Junren, coach of China's record-breaking women runners, has told a Hong Kong newspaper he has throat cancer.

Ma, famed for his rigorous coaching methods and health potions, told the Eastern Express that doctors had ordered him to stop work. The newspaper quoted the coach, 51, as saying there had been no training for about a month. Ma's runners dominated last year's World Championships in Stuttgart and shattered the world 1,500-, 3,000- and 10,000-meter records a month later in Beijing.

For the Record

The 1998 World Cup budget has been provisionally set at 1.5 billion francs (\$277 million) by the soccer tournament's organizing committee in Paris. (AP)

Howard Schnelleberger of Louisville, 60, has agreed to a four-year, \$2 million contract to be coach of the University of Oklahoma football team, television stations reported Friday. Oklahoma officials called a news conference later Friday. (AP)

Els Takes Lead In Last Event Of Golf Season

Ernie Els of South Africa watching a shot on the 18th green during the opening round of the season-ending Johnnie Walker World Championship in Montego Bay, Jamaica. Els, the 1994 U.S. Open champion, shot a seven-under par 64 to take a three-stroke lead over Nick Faldo and Colin Montgomerie of Britain and the American Mark McCumber. Els' 64, which included a four-putt double bogey, tied the record for the 6185-meter (6,760-yard), par-71 Tryall course, where the event has been played since it began in 1991.

mission from the 26 team owners to cancel the season.

Although no "drop-dead date" has been set, it is logical to extrapolate from the mandate of the Board of Governors on Monday that an agreement is necessary within two weeks.

Some of the best-informed

executives and agents in the

business were not briefed about

the talks, suggesting an air of

sensitivity and gravity to the

issues being discussed.

If progress is made in these

lieutenant-level discussions,

the full bargaining committees

could be reconvened for formal

sessions this weekend.

At the time, it appeared they

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DAVE BARRY

Into the Wild Blue Yonder

MIAMI — Here's what I want you to do: Open your mouth wide. Now take your index finger and stick it WAAAYYY down your throat and hold it there until your digestive system is in Violent Reverse Thrust Mode.

Congratulations! You've just experienced what it feels like to fly in a fighter jet. I know this because I recently went up in a high-performance Air Force F-16 fighter equipped with an extremely powerful engine, sophisticated electronics, spectacular aerobatic capabilities and — thank God — a barf bag.

There was no beverage cart service.

The way I got into this was, I spoke at a banquet for personnel at the Homestead (Florida) Air Reserve Base, which is slowly recovering after having had large sectors of it blown into another dimension by Hurricane Andrew. A banquet organizer had suggested that if might want to go up in an F-16, and some friendly fighter pilots from the 93d Fighter Squadron convinced me (there WAS a beverage service at this banquet) that this would be a lot of fun.

I was feeling brave when I arrived at Homestead Air Reserve Base, ready for my pre-flight training. Friendly Air Force personnel got me a flight suit; while I was putting it on in the locker room, I noticed that there was a little gold plaque over each urinal, each saying something like "MAJOR GENERAL [Name] RELIEVED HIMSELF HERE 1989." Then I noticed similar gold plaques over the sinks. Then I saw a plaque on the washing machine, reading: "THE ENTIRE 906TH TACTICAL FIGHTER GROUP RELIEVED THEMSELVES HERE MARCH 8, 1991."

Fighter pilot humor. Next I underwent an hour of egress training, which is when you learn how you get out of the airplane if something goes wrong ("although probably nothing will," they keep telling you). How you get out is: very, very fast. In fact, your seat is actually a small but powerful rocket that will blast you 900 feet straight up if you yank on the yellow handle between your legs, but you're supposed to do this only if the pilot yells BAIL OUT BAIL OUT BAIL OUT — he has to say it three times — and you definitely want to have your head back when you yank it unless you want your kneecaps to pass completely through your eye sockets, which would be bad because

you need to check to make sure your parachute has deployed, because if it hasn't you should yank on this other yellow lever over here, and if you're coming down over water you need to inflate your life preserver by pulling on these two red knobs, but first you have to get rid of your oxygen mask by pressing outward on these two metal tabs and yanking the mask forward and . . .

After egress training, the pilot, Major Derek Rydholm, gave me a preflight briefing in which he demonstrated, using a blackboard eraser, some of the aerial maneuvers we'd be doing.

"We'll be simulating an attack situation like this," he'd say, moving the eraser around in rapid little arcs. "We'll be feeling some G-forces."

I now realize that, right after we left the briefing room, the eraser flew up.

Actually, my F-16 ride went pretty well at first. Sitting behind Derek in the two-person cockpit, I felt nervous, but my physical discomfort was fairly minor.

Then we took off.

We took off with afterburners. Then we made an unbelievably sudden violent right turn that made me feel like a clove in a giant garlic press and separated my stomach from the rest of my body by at least two football fields.

After that we did attack maneuvers. We did rolls. We broke the sound barrier and then flew straight up for three miles. Then we flew upside down. My stomach never caught up with us; it's still airborne over the Florida Keys, awaiting landing instructions. Here's the conversation Derek and I had over the intercom:

DEREK: That's called an aileron roll.

ME: BLEAAARRGGHHH.

DEREK: You O. K. back there?

ME: HOOOGGGHHHH.

I'm not saying it wasn't thrilling, it was. I am deeply indebted to Derek Rydholm and the 93d Fighter Squadron and the entire U.S. Air Force for enabling me to be among the very few people who can boast that they have successfully lost their lunch upside down at five times the Earth's gravitational pull. And despite my discomfort, I can honestly say that, if I ever get a chance to go up again, I'll let you go instead. Although you probably won't get to ride in the plane I used. I think they had to burn it.

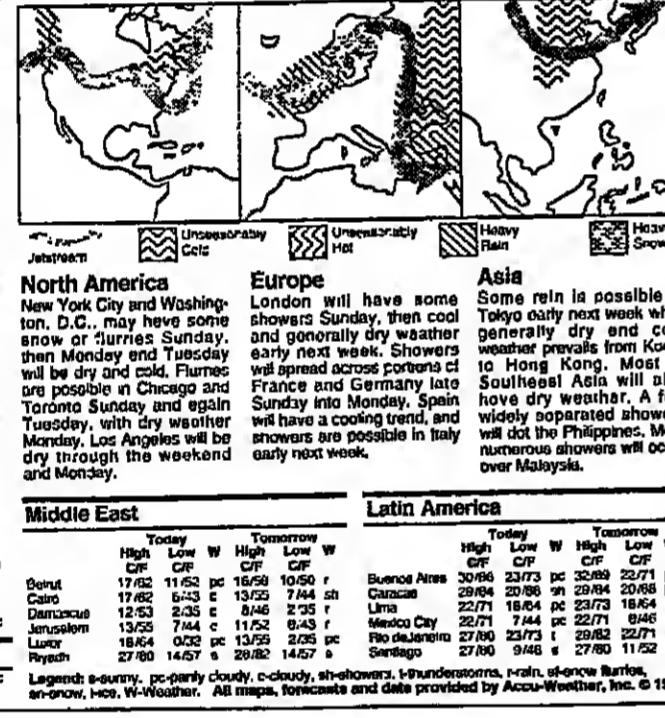
Knight-Ridder Newspapers

WEATHER

Europe

	Today	High	Low	W	Tomorrow	High	Low	W	CF	CF
Paris	16.03	17.03	15.03	02	17.04	18.03	15.03	01	00	00
Amsterdam	15.03	17.03	14.03	01	17.04	18.03	15.03	01	00	00
Amman	5.03	5.03	4.03	00	5.03	5.03	4.03	00	00	00
Athens	13.03	14.03	11.03	01	13.03	14.03	11.03	01	00	00
Brussels	12.03	13.03	11.03	01	12.03	13.03	11.03	01	00	00
Belgrade	2.03	2.03	1.03	00	2.03	2.03	1.03	00	00	00
Bern	2.03	2.03	1.03	00	2.03	2.03	1.03	00	00	00
Brussels	4.03	4.03	3.03	00	4.03	4.03	3.03	00	00	00
Copenhagen	4.03	4.03	3.03	00	4.03	4.03	3.03	00	00	00
Dubai	10.03	10.03	9.03	00	10.03	10.03	9.03	00	00	00
Dublin	9.03	9.03	8.03	00	9.03	9.03	8.03	00	00	00
Edinburgh	7.04	8.03	7.04	01	7.04	8.03	7.04	01	00	00
Florence	11.03	12.03	10.03	01	11.03	12.03	10.03	01	00	00
Genoa	7.04	7.04	6.04	01	7.04	7.04	6.04	01	00	00
Helsinki	11.03	12.03	10.03	01	11.03	12.03	10.03	01	00	00
Istanbul	11.03	12.03	10.03	01	11.03	12.03	10.03	01	00	00
Lausanne	24.03	17.03	25.03	01	25.03	17.03	25.03	01	00	00
Lisbon	14.03	14.03	12.03	01	14.03	14.03	12.03	01	00	00
Ljubljana	11.03	12.03	10.03	01	11.03	12.03	10.03	01	00	00
Madrid	11.03	12.03	10.03	01	11.03	12.03	10.03	01	00	00
Milan	7.04	7.04	6.04	01	7.04	7.04	6.04	01	00	00
Moscow	1.03	1.03	0.03	00	1.03	1.03	0.03	00	00	00
Nice	14.03	15.03	13.03	01	14.03	15.03	13.03	01	00	00
Paris	0.03	0.03	0.03	00	0.03	0.03	0.03	00	00	00
Prague	2.03	2.03	1.03	00	2.03	2.03	1.03	00	00	00
Rome	1.03	1.03	0.03	00	1.03	1.03	0.03	00	00	00
Stockholm	1.03	1.03	0.03	00	1.03	1.03	0.03	00	00	00
Turin	1.03	1.03	0.03	00	1.03	1.03	0.03	00	00	00
Vienna	3.03	3.03	2.03	00	3.03	3.03	2.03	00	00	00
Warsaw	0.03	0.03	0.03	00	0.03	0.03	0.03	00	00	00
Zurich	3.03	3.03	2.03	00	3.03	3.03	2.03	00	00	00
Oceania										
Sydney	24.03	24.03	24.03	00	24.03	24.03	24.03	00	00	00
Sydney	24.03	24.03	24.03	00	24.03	24.03	24.03	00	00	00
Legends: sunny, partly cloudy, cloudy, showers, thunderstorms, rain, chance frost, snow-on-ground, haze, W-westerly.										
Accu-Weather, Inc. © 1994										

Forecast for Sunday through Tuesday, as provided by Accu-Weather.



Your stomach's growling.

Mother Nature's calling.

Your flight's boarding.

Plenty of time to make, say . . .

ten calls.

Sellars's Shakespeare, a Modern Playwright

International Herald Tribune

PARIS — What news on the Rialto? Quite a lot, since Peter Sellars is in charge. Shylock asks this famous question over the telephone and it is later reprised by Salanie and Salario as newscasters. Venice is now Venice, California, and Belmont, where the rich live, is Bel Air. Portia, who lives in Belmont, is a Chinese-American who probably led her class at business school. Bassanio, her

MARY BLUME

fortune-hunting suitor, is Latino and so is Antonio, the merchant, who is also Bassanio's lover. Shylock is black, the judge is white. There are videos and a touch of rap but the production, Sellars says, is exactly as Shakespeare saw "The Merchant of Venice": a disquieting view of an exploitative society where everyone is out for the main chance without being certain what that chance is.

"By the time these people have lied to each other so many times, who can trust whom, whom do you believe at the end? I

think Shakespeare's point is once you've tolerated a certain level of social injustice and have been able to lie in court — he's so sharp with this, nobody ever lies completely, they just don't tell the truth! — you have shut down that corner of your heart that is really empathetic and desires social justice. Once you novacaine that part of you, it doesn't bode well for your marriage either."

The reconciliation of the young spouses at the play's end is a misreading, Sellars says: this play is no comedy. "This is a guy who knows how to write happy endings, this is a guy who can say 'If we shadows have offended, think but this and all is mended,' this is the guy who knows how to send audiences out of the theater happy, calm, who can open up the biggest heart in the world and create a sense that we've been through hell but now it's going to be O. K."

Instead, says Sellars, Shakespeare deliberately ends the play at the darkest hour of the night, his characters eaten by self-destructive pain. One can argue about his Shylock — though he is played with irony and grace by Paul Butler — that to make the Jew black is to diminish two very different historic tragedies by equating them (and on this point Sellars is more plausible than convincing), but perhaps his best interpretation is of Shylock's

"Classics step out of their time," Peter Sellars says.

daughter, Jessica, usually a dead-end role. In Sellars's view she is an airhead runaway who really thinks she will find acceptance outside the ghetto by robbing her father and betraying her faith, finding only further humiliation instead.

"How did it feel to kill your father?" a clever high school student asked the actress who plays Jessica in Chicago, where the play opened before leaving on a European tour. Sellars organized many illuminating post-performance talks with students and hopes to film his "Merchant of Venice" for use in high schools. His adult audiences in Chicago, for the most part walked out. Sellars says the mid-term American elections, which took place while they were in Chicago, confirmed his reading of the play.

"Everything that that election expressed was out in the lobby and looking out at the car during the fifth act," he said laughing. Only his Shylock, Antonio and the judge are of a certain age; the others are in their 20s and Sellars feels audiences were rejecting their responsibilities to the young.

"I am very impressed how you can convince people to vote against their children's health and education and for advancing the profits of the top 4 percent of the population," he said heavily. "It's just incredible to me."

Sellars has been praised for making Shakespeare meaningful, a ghoulish way of patronizing them both. It is a lot simpler, Sellars regards Shakespeare as a modern playwright.

"That's the definition of a classic, something that is not a classic has to be treated only in the context of the moment when it was created. I wouldn't treat an opera by Paisiello the way I would treat an opera by Mozart. I think Ben Jonson would need all the bric-a-brac of the contemporary scene to make his presence felt."

The classics, he says, deliberately step out of their own time, creating anachronisms. "Shakespeare goes out of his way to create a situation that for him was not an historical setting and so I feel obliged to follow the same strategy to the young."

Sellars's productions are always intelligent, often uneven, unremittingly bold. His great contribution may turn out to be his curiosity: his wish to listen, whether to dropouts or the hard. "I think of the African sense — what is culture? but having conversation with your ancestors. I think one of the most challenging acts of daily life is to know what to respect and where to innovate, how to create a dialogue between the old and new so it's not an obliteration of one or the other."

"With Shakespeare or Mozart the original is available — it's not like I wiped the play away, anybody can pick it up and see what they make of it. But at least I've created something which means they do pick it up again, that they read it with a new type of concentration and find things they may not have noticed the last time they read it."

He likes applause, as who doesn't, but even better he likes debate. "To me, democracy is about the discussions, all we're trying to do is say we keep on talking." For this reason the lack of serious debate in the United States terrifies him.